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## SLOW-DOWN IN CHINA'S INDUSTRIALISATION

Changes in the draft second five year plan of the Chinese Communist regime were somewhat dramatically interpreted as the virtual scrapping of the plan in favour of an entirely new project now being mapped out by top Communist economists. The decision, it was stated, was taken at the second plenary session of the Central Party Committee from November 10 to 15. In Peking the idea was ventilated in the People's Daily on December 7 that the changes were merely part of the policies decided on by the Central Committee halfway through the Chinese first five year plan (which would seem to be the middle of 1955), when the socialisation splurge in both agriculture and industry and commerce was launched in a sensational speech by Mao Tse-tung. It is more important to determine the purpose of the changes and the causes thereof than to define the dates.

What is clear is that the tendency is growing which had already developed during the summer of 1956 to give light industry free rein, to expand instead of to contract the supply of consumer goods to the people, and to revert to the normal bases of trade which made it much cheaper, for instance, to buy rice from Siam or Indochina than to transport it to Shanghai all the way from Szechuan. The rush toward heavy industrialization is to be slowed down in order to raise rather than depress the still very low standards of living. The idea is conveyed in a single sentence: "If the importance of heavy

industry is unduly stressed while the importance of the people is ignored and their initiative regarded as of little consequence, this will be a departure from the Marxist-Leninist standpoint, a violation of the fundamental law of Socialist economics and will jeopardise the cause of Socialism."

The last part of the sentence means, in bald terms, that the people will not "take it," and that Peking has seen with clear gaze the warnings written on the popular wall in Budapest and Warsaw. It was, as a matter of fact, not so much an ideological issue as a simple opportunistic concern that divided the cautious consolidationists and the bold innovators in the middle of 1955. The latter gained the day, under the conspicuous leadership of Mao Tse-tung, on the promise that these capitalistic peasants would make more money and fare far better in collectives than ever they had done as individual peasants, and on the gamble that the Government could make this little fairy-tale come true. Policy is being modified to make it come true, and it is being modified much more than had been anticipated as a result of the hostility of Providence last summer, which ruined millions of farmers and wrecked the mud-and-kaoliang homes and farm-fields over vast areas of North China and North Manchuria. It was modified still more when it became clear that on top of everything else the normal harvest controls had collapsed over large areas of the country—sometimes no doubt with the support

and connivance, if not the outright encouragement, of the Party and Government cadres themselves.

Shansi Province—generally among the best behaved ever since the Republic—is a case in point, and it has been cited by the official Press perhaps because it was just a bit better behaved than the rest. Even so the grain sales in that province during the third quarter of the year were 63 per cent higher than in the same period of 1955. Sales in the towns increased by 37 per cent and those in the rural areas increased by 111 per cent. That could hardly have left anything at all for the stricken millions just outside the “Black Dragon” pass into the province from central Hopei, which had its worst flood and typhoon disaster within recent memory and is still on the Government’s relief list at present writing, where it is likely to stay till seeds and implements have been replenished and disintegrated homes rebuilt in time for the sowing.

It is stated that since May 1956 additional quantities of grain had been supplied to solve the grain shortage felt by the inhabitants—and also no doubt to fulfil the repeated promise that the people would have a higher standard of living. In some areas, control was slackened, with the result that supply was stepped up too high. In Tahsien, for instance, the cadres helped themselves to an additional five catties, workers doing light work got an additional eight catties and workers doing heavy work an additional ten catties, whether they were short or not. In Changchih, a 10 per cent allowance was given to each person in a mess unit. In some cases, allowances were given without any control at all. In two areas named, Yangchuan and Changchih, 50 to 80 per cent of the people got increased supplies of grain. Control over grain sales was also slackened in

the rural areas. It was decided to supply an additional 2,150,000 catties each month to the rural areas from June to August, but actually the peasants did not need as much. The additional quantity of grain was not sold at the end of August, and as a result the APCs were obliged to obtain loans to make the purchase. “As control over supply was too loose, wastage of grain was great.”

It was revealed that grain sales in the four months from July to October exceeded by several hundred million catties (or about 400,000 tons) more than in the same period in 1955, when the harvests were bountiful and there was no major disaster to compare with that of 1954 or with the widespread floods of 1956, which were cumulatively as grave as the great Yangtze disaster of 1954. Warnings had been sent out from Peking recently that unless strict and systematic controls were observed “billions of catties” might slip through with even a slight lack of grip. It was admitted by the People’s Daily, in an editorial, that grain sales during the first half of November had maintained the excessive rate of the earlier months. Therefore the sales target for the ensuing half-year must be less than the actual sales in the same period of last year.

The position was reflected in a recent joint directive by the Central Committee of the Party and the State Council, which curtly insisted that “this state of affairs must be changed forthwith.” The most specific instructions were given to ensure that the revised targets for the purchase and sale of grain are fulfilled. Peasant households experiencing seasonal shortage should be supplied monthly on the basis of the strictest need and on stringent precautions, said the Directive, while until February 1957 grain sales are mainly forbidden in the rural areas except those afflicted



## BRITAIN'S ECONOMY IN 1956

By John Kingsley

There are two kinds of economic difficulty. One is caused by the impact of an outside event which the economy of a country has to absorb. The other is caused by a failure to control the general internal condition of the economy, so that inflation or recession develops at home. The obvious metaphor to use is the contrast between an accident which injures a healthy person, and a disease which makes the person ill. At present the British economy is in a period of difficulty, but it is a difficulty of the first kind. The state of general health of the economy is better than it has been since early in 1954, that is for nearly three years. Yet the closing of the Suez Canal and the oil pipeline through Syria have damaged the country in a number of ways.

by natural calamities and to non-farming population, in order to safeguard supplies for the rural areas during the spring sowing. The use of ration grain and seeds for payment of those undertaking side occupation was forbidden, and a variety of other austerity provisions was laid down. The Government paper said that "insufficiency of grain will exist for a long time to come. It is not a simple matter to increase the grain supply for 600 million people, and grain sales have unreasonably increased throughout the country." With the level of agricultural and industrial production remaining low at present, it said, the State had done its best to increase supply, and part of the excessive sales were justified and accorded with State plans. But a considerable part of the excessive sales was unjustified. The paper revealed a number of abuses accentuating the effects of inadequate controls and says that laxity was general in the towns and the countryside, and both the trades and the populace were to blame.

The decision announced in Peking on December 6 to set up a new Board of Supplies to control all commodities in the country was perhaps directly related to this situation. The fact that the Vice-Chairman of the organisation of the Five Year Plan (Wang Feng-yuen) and three other members of the State planning committee, were appointed to this new body supports this assumption. Actually when the dismissal of these four officials from the State Planning body was announced the previous day, without explanation, some jumped to the conclusion that there was a real crisis of the Five Year Plan. So there was in a sense, but not quite in the nature assumed. Such little interpretative matter as has so far been vouchsafed from Peking suggests that the regime will lower the targets of the next five year plan, beginning 1957, and try to raise China's very low standards of living instead of pressing ahead for industrialisation at all costs. One of the main duties of the new board, it was suggested, might be to put more food into the workers' stomachs and more goods into the shops. It is significant that the same day Peking Radio officially admitted a shortage of consumer goods even in the capital itself, and that three deputy mayors of Peking had called a conference to discuss the problem a few days earlier. They found among other things that the population had increased by more than 300,000 this year and held that businessmen had failed to make an allowance for this and for the "increased purchasing power" of the people. The businessmen were accordingly ordered to strengthen their planning control and rationalise supply of coal briquettes (charcoal balls), cotton-padded winter clothing and winter shoes.

The best indicators of the soundness of the underlying position are the visible trade figures. These show an apparently adverse balance, not because Britain trades at a loss, but because they do not, by definition, include Britain's massive earnings from 'invisibles'—shipping, banking, insurance, etc. Furthermore the figures for visible trade, valuable as they are, slightly distort the picture because imports are valued as they come into the country and exports as they go out. As a result the figure for imports includes the cost of shipping, which may well have been British shipping, and of insurance in transit, which must almost certainly have been British insurance.

A rough allowance of 10 per cent can be made for these items, in order to obtain a valid comparison between imports and exports. It is necessarily a rather loose estimate, and the more precise statisticians are not always completely happy about it, but it is better to give a rough figure which is broadly justified, than a precise figure which is misleading.

On this basis the deficit on visible trade in the first ten months of 1956 was less than half that of the first ten months of 1955. The adverse balance came down from just over £400 million to less than £200 million. That is at any rate a very encouraging start. We know, however, that Britain has had a substantial surplus on the export of these other services, and in earnings from insurance, finance, shipping and oil. There can be no monthly figures for these earnings, because they do not go through the books of the Customs at British ports. But if all other payments are taken into account, as is done each half year, the net balance of payments for the first half of the year was a £144 million surplus, as against the quite inadequate surplus of £18 million in the first half of 1955.

So far, then, the picture is good enough. Britain is paying her way, which she was not doing in 1955. There is no doubt that this favourable turn in the economy was largely due to the measures the Government took in 1955 and early this year to bring inflation to an end. At home, also, the rise in the cost of living has been checked. The spread of short time working in the motor car, radio and textile industries, for example, is regrettable in itself, but is a sign that the inflationary pressure has receded.

This is a substantial achievement. On the other hand this was not reflected in any favourable movement in the reserves. Admittedly, they rose in the first half of the year, but they were already on the turn when the first Suez crisis started and since then the threat to British oil supplies has resulted in foreign drawings on sterling.

This loss is, however, a capital loss. To this extent it is considerably less serious than a loss on current account; that is, the steady drain imposed on a country that is not paying its way. Movements of capital depend on the current state of international confidence. This can change very quickly in either direction. When there is an expectation that the market price of a currency will fall there is also a tendency to defer purchases of that currency and accelerate payments even for ordinary trading purposes. People who anticipate in this way take the risk that when the currency appreciates they will be caught short and will have to pay heavily. Throughout this summer and autumn the British economy has shown a certain resilience. When



# REVIEW OF ECONOMIC DEVELOPMENTS IN THE FAR EAST

By Dr. Sjafruddin Prawiranegara

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In the highly developed countries of the world the business cycle moved upward in 1955. The American recession which lasted from mid-1953 till mid-1954, was superseded by a boom. During 1955, West European economy advanced again to a higher level. Industrial production in Eastern Europe—with the Soviet Union in the lead—showed further expansion. Implementation of the 6th Russian five year plan, having as its target to reduce and ultimately close the gap vis-a-vis Western Europe and the United States, was started. The tempo of economic activity in the U.S.A., Western Europe and Eastern Europe is reflected in the increase of industrial production over 1954, amounting to 11%, 9% and 12% (Soviet Union) respectively.

By reason of the growing interdependence between the economies of various countries it is obvious that the prevailing high level of the business cycle has its influence on underdeveloped areas. Theoretically the profit that falls to the latter is twofold. More activity in highly developed countries leads to increasing demands for raw materials, thus giving support to export markets. On the other hand, higher foreign exchange income affords the opportunity to make more purchases needed for the progress of underdeveloped countries. Expansion of industrial production not only makes these purchases feasible—in contrast to the period of the Korea boom—but they are, moreover, often facilitated by means of credit facilities offered by various industrialised countries, which are urged on by the necessity to sell their manufactured goods. Unfortunately, this does not imply that the advantageous trade cycle had its full import on the economic conditions in underdeveloped countries. The reason is that in many countries belonging to this group no monetary equilibrium has so far been achieved, so that the high and ever increasing cost price prevents the full utilisation of the boom. It can be reasoned, however, that

it has been hit by events it has seemed to recover more quickly than could have been expected. It has not wallowed in the trough of the waves. This is undoubtedly because it has an underlying soundness which will survive the temporary crisis, the cost of which is therefore taken—very properly—on to the reserves, which are massive in relation to this problem.

The oil shortage has already involved petrol rationing but industrial production in the long term will not be seriously affected. More seriously, it means a big dollar expenditure and a loss of foreign earnings. The pound sterling with the reinforcements now known to be behind it will however stand the strain.

Two additional points may be important. The first is that the oil shortage is likely to have a disinflationary rather than an inflationary effect. It may well act like a credit squeeze to moderate and slow down the production of "less essentials." Britain's real fear ought still to be that inflation might return. The second point is that the investment boom which caused so much of the inflationary pressure of 1955 and early 1956, will be producing the goods in 1957. Once we are over the hump of the oil shortage we may well move into a period of advancing prosperity.

without the favourable business cycle the difficulties of many underdeveloped countries, which in the event of a world depression might even prove disastrous, would be greater than they are at present.

It is a matter of importance both to the highly developed and to the underdeveloped countries, and therefore to the world at large, that the prevailing trend will not only last but intensify. The imperative need of this is fully understood in the industrialised countries, and attention is focussed on the course of the business cycle. Theoretically two risks are involved. Either the business cycle recedes, as happened twice in the U.S. after World War II, or it intensifies, but then in such a way that maleficent shifts occur causing inflationary phenomena, which in their turn may lead to retrogression. Actually the question is to prevent both deflation and inflation, or in other words care must be taken that neither under-investment nor over-investment will take place. As the de facto development of the business cycle in one country or another may imply, it will be necessary to introduce anti-deflationary means in one case and anti-inflationary means in another, in the real as well as in the monetary sphere.

Underdeveloped countries must endeavour to cure, as quickly as they can, any existing monetary instability to be able to derive full profit from the favourable international business cycle.

## General Conditions in East Asia in 1955

The year 1955 has not been unfavourable for the Asian countries. This applies to their domestic economic development as well as to their economic relationship with other countries. Table 1 reveals that gold and foreign exchange reserves increased, with the exceptions of Burma and the Philippines.

TABLE 1—OFFICIAL GOLD AND FOREIGN EXCHANGE HOLDINGS OF SOME ASIAN COUNTRIES

	(U.S.\$ million)						
					1955		
	1952	1953	1954	1st quarter	2nd quarter	3rd quarter	4th quarter
Indonesia	314	212	248	272	257	268	307
Burma	198	211	124	107	92	86	91*
Ceylon	163	114	169	182	188	201	204
India	1,729	1,765	1,782	1,780	1,751	1,768	1,791
Japan	1,101	895	1,022	1,083	1,113	1,243	1,338
Pakistan	296	296	328	326	327	322	370
Philippines	236	240	207	189	192	191	154
Thailand	352	302	273	294	315	298	297

\* October

Source: International Financial Statistics.

This favourable development resulted in general from higher foreign trade proceeds in 1955; only the deficit on the trade balance of the Philippines increased. Excluding the Philippines, exports from Asian countries went up as a result partly from good crops, favourable world prices for a number of commodities such as rubber, jute and tin, and from measures taken in various countries to promote exports. Besides, the high level of demand in North America and West Europe undoubtedly made its impact too.



TABLE 2—BALANCES OF TRADE OF SOME ASIAN COUNTRIES  
(U.S.\$ million)

	1958			1954			1955		
	Exports	Imports	Balance	Exports	Imports <sup>a</sup>	Balance	Exports	Imports	Balance
Indonesia	381	276	+106	866	629	+227	931	606	+325
Burma	181	79	+102	249	204	+45	227	180	+47
Ceylon	104	86	+18	380	298	+82	407	307	+100
Hongkong	185	188	-3	424	601	-177	444	651	-207
India	—	—	—	1,182	1,291	-109	1,247	1,357	-110
Japan	767	759	+8	1,629	2,399	-770	2,010	2,473	-463
Malaya and Singapore	327	315	+12	1,016	1,026	-10	1,358	1,248	+110
Pakistan	—	—	—	359	335	+24	401	289	+112
Philippines	117	183	-36	396	545	-149	392	613	-221
Thailand	89	67	+32	283	312	-29	332	334	-2

Exports: f.o.b.

Imports: c.i.f.

Source: International Financial Statistics.

Notwithstanding the advantageous course of exports, the overall share of the Asian countries in total world exports showed only a slight increase during the year under review. Compared with 1950, 1951 and 1952 this share was even less than in those years.

TABLE 3—EXPORTS OF ASIAN COUNTRIES  
(U.S.\$ billion)

	1950	1951	1952	1953	1954	1955
a. Total world exports*	56.4	76.4	73.7	74.7	77.3	83.8
b. Asian countries†	6.6	9.6	7.5	6.8	7.1	8.2
c. b in % of a	11.8%	12.6%	10.2%	9.1%	9.2%	9.8%

\* exclusive of China, USSR and some East-European countries.

† Burma, Cambodia, Laos, Vietnam, Ceylon, Hongkong, India, Indonesia, Malaya, Singapore, North-Borneo, Philippines, Pakistan, Sarawak, Taiwan and Thailand.

Source: International Financial Statistics.

In the first instance this development was due to the Korean boom. The deeper cause however is the extremely narrow basis of exports of the Asian countries, to the extent that total results depend upon fluctuations in world prices of a small number of commodities only. It is therefore characteristic of these exports that the relative importance of the individual commodities in the overall picture fluctuates strongly from year to year. Furthermore, the fact that a large part of Government revenues is dependent on export proceeds, adds to the unstable character of the economic situation in these raw materials producing countries. Because of the above mentioned reasons the various governments are endeavouring to broaden the basis of their exports, to promote the production of import-replacing goods and to improve their tax systems.

Indonesia, Burma and Pakistan excepted, imports of the Asian countries also displayed a general upward tendency, although to a lesser degree than exports. It has to be noted, however, that the still precarious position of their balance of payments compels most countries to maintain import restrictions which in some cases were even extended. On the whole priority is granted to imports of capital goods and raw materials for local industries. The same applies to imports of machinery spare parts to prevent stagnation in production. Imports of luxury and semi-luxury goods are largely restricted.

Overall, the food situation was satisfactory thanks to good crops. This was reflected inter alia in the cost of living which did not fluctuate unduly, except in Burma and the Philippines. On account of lower rice prices a relative switch from other grains to imports of rice was noticeable in some countries which usually import grains. On the short term, this provided a welcome assistance to those countries who are mainly dependent on rice exports, such as Burma. The total per caput output of agrarian production in the period 1954-1955 was however, according to the "Economic Survey of Asia and the Far East", still 14% below the average of the years 1934-1938 (excluding China).

TABLE 4—COST OF LIVING INDEX OF SOME ASIAN COUNTRIES  
(1953 = 100)

	Burma	Ceylon	India	Japan	Pakistan	Philippines	Thailand
1950	110	95	95	77	85	102	74
1951	108	99	99	89	88	111	82
1952	103	98	97	93	90	103	90
1953	100	100	100	100	100	100	100
1954	96	99	95	105	98	99	99
1955	103	99	92	104	95	99	107

Source: International Financial Statistics.

Very nearly all South East Asian countries are energetically engaged in the implementation of the drafted development programmes. In particular the results achieved so far by India and Pakistan are very important. To harmonise with the economic structure and the corresponding stage of development of the individual countries, the sphere of production emphasised by the plans naturally varies. In most of the countries special attention is paid to energy supply, as this constitutes an indispensable requisite for the development of industry. By land reclamation and promoting small industries, the most pressing problem of unemployment is tackled. The ever-increasing population aggravates this problem enormously. In several countries financing institutions are established for the promotion of small industries. Generally speaking, shortage of non-inflationary means of finance and lack of trained personnel are the bottlenecks impeding the pace with which development projects can be completed. For each of these essentials the countries are dependent largely on foreign assistance, supplied by organisations of the United Nations, the International Bank for Reconstruction and Development, the United States of America and the Colombo Plan organisations.

Table 5 illustrates the foreign economic aid granted in the fiscal year 1954-1955 to various Asian countries.

TABLE 5—ECONOMIC AID TO ASIAN COUNTRIES\*  
(U.S.\$ million)

		Economic Loans from aid through I.B.R.D.‡				Colombo Plan§		Net economic aid from U.S.A.		Sales of U.S.A. agrarian commodities against local currency†
		1950/51—1954/55**				1955				
		Grants	Loans	Grants	Loans					
Indonesia	—	—	20	56	7	2	—	—	—	—
Ceylon	19	3	—	—	—	—	—	—	—	—
India	26	9	128	187	88	—	2	—	11	2
Indochina	—	—	303	—	265	—	—	—	—	—
Japan	—	—	451	46	13	2	—	—	11	—
Korea	—	—	81 <sup>2</sup>	—	222	—	—	—	32	1
Pakistan	14	13	118	15	63	—	—	—	—	—
Philippines	—	—	555	65	12	—	1	—	6	—
Taiwan	—	—	374	-14	81	2	—	—	20	—
Other Asian countries	—	2	85	21	20	—	3	—	5	—
Total Asian countries	59	27	2,846	376	771	0	—	—	88	—
Economic aid to all countries	410	27	10,075	9,334	1,842	-101	—	—	341	—

\* Incl. defence support.

‡ Authorised loans; source: Annual Report 1954/1955 International Bank for Reconstruction and Development.

§ Authorised aid; source: Fourth Annual Report of the Consultative Committee of the Colombo Plan.

† Less local currency which is converted into grants and loans.

\*\* Fiscal year.



At the meeting of the Consultative Committee of the Colombo Plan held in India in October last, it has been decided to prolong the Plan as from June 1957 for another four years. It was established that an important contribution had been made to the development of the South and South East Asian countries. By now the projects implemented during the past four years are beginning to bear fruit. Several countries including the United Kingdom and Canada undertook to increase their assistance to the Colombo Plan.

TABLE 6—MONEY SUPPLY IN SOME ASIAN COUNTRIES  
(end of month figures in billions)

	Indo- nesia Rupiah	Burma Kyat	Ceylon Rupee	India Rupee	Japan Yen	Pakistan Rupee	Philip- pines Peso	Thai- land Baht
1950 December	4.31	0.55	0.91	18.33	789.—	2.97	1.15	3.97
1951 December	5.03	0.61	1.01	17.74	1,048.—	3.76	1.05	4.91
1952 December	6.60	0.63	0.90	16.83	1,265.—	3.23	1.09	4.93
1953 December	7.49	0.78	0.83	17.15	1,439.—	3.58	1.11	5.44
1954 December	10.96	0.86	0.96	18.49	1,463.—	3.86	1.11	6.06
1955 December	12.78	1.12	1.07	20.59	1,370.—	4.52	1.19	6.92
Percent increase 1955	16.6	30.2	11.5	11.4	—6.4	17.1	7.2	14.2

Source: International Financial Statistics.

Money in circulation as set forth in table 6 indicates a considerable increase in 1955 for most Asian countries. Japan is the exception. Yet it can be reported that no serious inflationary repercussions occurred.

In the following pages a survey is given of each of the Asian countries, dealing with the most important aspects of their economic development during 1955.

#### Pakistan

Substantial foreign aid was one of the reasons why Pakistan succeeded in expanding its industrial capacity to such an extent that at present some industries are already in a position to satisfy domestic demand. This is true, for instance, of the manufacturing of lower grade textiles, while chemicals, cement and paper industries also achieved considerable progress. In the period 1954-1955 foreign aid, including technical assistance and donations in goods, totalled U.S.\$132 million, of which in round figures U.S.\$117 million was rendered by the United States of America.

Moreover, three loans were provided by the World Bank in 1955, viz. U.S.\$14.8 million for harbour works, U.S.\$13.8 million for electric power supply, and U.S.\$4.2 million for paper making.

It is worthy of note that as a result of the growing demand of industry for locally produced agrarian raw materials exports showed a downward trend. In view of the fact that the agrarian sector comprises about 80% of total exports, it stands to reason that the Government is paying special attention to extension of the area under cultivation and to promotion of agricultural production in general, among other measures by improving the irrigation system. It is estimated that in West Pakistan three fifths of the total acreage suitable for reclamation is still uncultivated, while in East Pakistan, which is more important than West Pakistan as an agricultural producer, large areas are waiting for cultivation.

Notwithstanding a slight decrease in the production of agrarian foodstuffs during the year under review, home demand could be met. The cost of living showed in general an inclination to fall, but this was halted by the devaluation of the rupee at the end of July 1955. This devaluation was one of the most important measures affecting foreign economic relations that have been taken during the period under review. As is known, Pakistan was the only country within the sterling area which abstained from de-

valuation in 1949. In the following years too, revision of the monetary parity was in principle foregone on the strength of the argument that industrialisation had to be promoted to the utmost, while in all probability considerations of prestige also played their part. It should be noted in this respect that capital goods and industrial raw materials make up for about 70% of total imports. Only when a turning point towards better balanced economic relations became apparent, was the right moment for devaluation deemed to have arrived and the Pakistan rupee placed at par with the Indian rupee. It is expected that this measure will greatly strengthen inter alia the growing domestic jute industry, and in this way influence exports favourably.

Furthermore, in October last an export promotion scheme was launched aiming more specifically at exports of those products which up to then were not marketed abroad.

As for imports, a substantial liberalisation can be reported in that discriminatory measures against imports of goods from dollar countries were abolished with a view to expanding foreign trade. In this context, it should be noticed that despite a larger surplus on the balance of trade in 1955 than in the previous year, the volume of foreign trade decreased in no small measure as compared with 1952 and 1953.

#### India

The first five year plan, put into operation in 1951, was mainly directed towards the agrarian development of the country, inter alia by the construction of irrigation works. Besides the plan envisaged extension of the power supply, in order to provide for a speeding up of industrialisation in the future. On the whole the implementation of the first five year plan has brought about a substantial improvement in the economic situation. Although not all targets have been fulfilled, development in certain sectors of production was higher than expected. In general a considerable increase of agrarian and industrial production could be noted. Production of food grains and cotton textiles for instance exceeded their targets. Naturally, these developments exerted a favourable influence on the balance of payments.

In the past five years the real national income rose by 18%; this is 7% more than the original estimate. The real per caput income was also higher than expected. Even so, unemployment still presents a pressing problem. It is estimated that the population of working age increased during the past few years by 9 million, whereas only 5 million of these could be actually engaged in production.

In spite of the substantial increase in agrarian and industrial output, the development of investments lagged relatively behind. There are, however, grounds for the assumption that during the last two years the pace both of private investment and of Government expenditures for development projects has quickened. The latter were responsible for a mounting cash deficit, i.e. an increase of the net floating debt of the Government. The resultant expansion in the volume of money could be absorbed without inflationary symptoms, thanks to higher activity. In this connection it can be reported that the cost of living has been showing a downward tendency ever since the end of 1953.

Although considerable amounts are again earmarked for agriculture, the emphasis in the second five year plan which comes into operation on 1st April, 1956, has been laid on industrial development, in which first priority is given to the expansion of heavy industries. It is estimated that the national income will be higher by approximately 5% on an average, and that employment will increase to such an extent that at the end of the plan-period about 11 million more people will participate in the production process.



It appears, however, that the success of the plan largely depends on the available chances of securing the finance required. Total costs are estimated at nearly Rs 70 billion, or round twice as much as for the first five year plan. It is estimated that at least 75% can be financed without recourse to banks.

Foreign aid extended to India over the period March 1951 to end-1955 totalled U.S.\$630 million, of which U.S.\$294 million was made available by the United States of America. About half of the amount received has already been spent effectively, the other half will help to finance the second five year plan.

The deficit on the balance of trade was in 1955 of about the same order of magnitude as in the previous year, notwithstanding higher exports, in particular of tea. The still larger increase of imports is to be attributed to the relaxation of import regulations in 1955, designed in the first place to satisfy the industrial demand for raw materials and capital goods. Imports of consumer goods were higher also. In the second half of the year India too, urged on internally by the devaluation of the Pakistan rupee, undertook to stimulate exports. The export duties on pepper and coffee, and on products of jute, iron and steel, were abolished, while duties on other products were lowered.

The Reserve Bank of India strives to play an important part in the extension of credit facilities in areas where up to now no banks have been established. For that purpose, the State Bank of India was founded in July 1955 by merging the nationalised Imperial Bank of India and a number of other banks into one. The newly established bank has a commercial function, while it will act concurrently as agent for the Reserve Bank at such places where the latter has no branches. It is hoped that in this way farmers will become less dependent on money lenders, who as a rule charge extreme rates of interest.

#### Ceylon

The favourable economic development of Ceylon already apparent in the previous year continued in 1955. The surplus on the balance of trade increased as compared with 1954 from Rs 412 million to Rs 478 million, thus setting a record. It was mainly tea exports, constituting approximately 60% of the total value of exports, which despite lower export prices contributed to this satisfying result. Rubber exports too, taking advantage of rising world prices, yielded more. Consequently gold and foreign exchange reserves went up by Rs 259 million to Rs 1,159 million, thereby expanding about twice as much as the volume of money. The above has to be seen in the light of the deflationary effect of public finance. The budget policy pursued to this end by the Government in 1954 and 1955, has to be considered as a reaction to the severe depletion of gold and foreign exchange reserves in previous years. In this context it deserves mention that reserves at the end of 1953 were only about 52% of those per end 1955.

The monetary stability finds expression, amongst other things, in the level of the cost of living which was remarkably stable again in 1955.

Notwithstanding the favourable outcome of foreign trade the urgency remains to render the economy less dependent on exports of mainly three commodities, viz. tea, rubber and coconut products. Government development projects have as special targets transport, agrarian production and power supply. For development of industries no more than 5% was earmarked in the 1947-1953 and 1954-1960 plans. Nevertheless since September 1954 the Government has taken steps to foster private industrial production, especially small-scale industries. At present specific

attention is paid to the production of import-replacing goods. Amongst the most important measures taken in the field of industrial development are the following: tax facilities, protective import duties and a liberal policy towards foreign investments. Special efforts are made to attract foreign capital for oil refineries, the production of fertilisers, sugar and motor tyres as well as for fisheries.

Finally, it should be borne in mind that up to now Ceylon has not been eligible for American aid in view of the barter agreement with China, under which Ceylon sells rubber against rice.

#### Burma

Burma's balance of payments suffered a rather severe deterioration since 1953. This is due in part to lower foreign exchange earnings caused by falling rice prices—as known, rice is by far the most important export product—while on the other hand Government spending went up in connection with the implementation of the economic development plan started in 1953. While gold and foreign exchange reserves amounted to U.S.\$211 million at the end of 1953, a decline was registered in the years 1954 and 1955 by U.S.\$87 million and U.S.\$31 million respectively; at the end of 1955 reserves therefore stood at U.S.\$93 million.

In order to improve the economic condition of the country—in the last quarter of 1955 some improvement did indeed begin to materialise—the Government decided upon drastic import cuts, while at the same time Government expenditure was reduced. Additionally, attempts were made to increase exports of specific products, such as rubber, cotton, timber and ores.

With regard to import restricting measures the Government decided as early as March 1955 that only half the value of import licences issued could actually be spent, while at the same time the import system under so called open general licences was temporarily suspended. It can be readily understood that the said measures resulted in a rise of the cost of living.

In the field of exports the Government was compelled by stagnation in exports of rice to enter into barter agreements. The two most important rice purchasers in 1955 were Japan and Ceylon, while China took third place. Also with the Soviet Union, some Middle European countries and Indonesia, barter transactions were concluded in the year under review. Barter agreements generally entail the disadvantage that often high prices are quoted for the import goods, while the choice of these goods is restricted.

Gross investments in fixed capital goods are steadily increasing. In view of the fact, however, that since 1953 the value of Government investments has been exceeding private investment, directives have been issued to provide incentives to investment by domestic and foreign private enterprise. Certain tax and transfer facilities have been allowed, while guarantees have been given to the effect that newly established enterprises will not be nationalised within a period of ten years. In case of nationalisation after this period a reasonable indemnification will be awarded. Besides the need of foreign capital—a request to be eligible for a loan by the World Bank has not been conceded to as yet—Burma is in great need of foreign technical assistance. To a large extent this assistance is provided by the Colombo Plan.

In spite of the difficulties mentioned above the implementation of the development programme is making progress, which is evident also from the increase in investments as reported above. In particular in the sectors of transport, electric power supply and industry advance is noticeable.



On the other hand less attention is paid to the improvement of irrigation works; the preparation of the large irrigation projects is still in its initial stages.

Meanwhile it is obvious that as long as the foreign exchange shortage prevails, the realisation of various plans will be hampered considerably.

### Thailand

Like the economy of most other Asian countries Thailand's economy, too, is based on a very limited number of export commodities. Rice and rubber constitute 55% and 15% of total exports respectively.

The overall picture of the country's economic condition brightened during 1955. In contrast with 1954, when a deficit of more than U.S.\$29 million was incurred, the trade balance was in balance during the year under review, thanks to larger export proceeds.

As for exports, the volume of rice exports, totalling more than one million tons in 1955, was slightly higher as compared with the previous year. Since world prices of rice declined, yields from exports were on about the same level as in 1954. In contrast with this stood the noticeable increase in export proceeds from rubber, in correspondence with the upward trend of rubber prices.

A fact worth mentioning is the handing over of rice exports, which were formerly a state monopoly, to private trade as per 1st January, 1955. Furthermore rice exporters were permitted in August 1955 to dispose of their foreign exchange earnings in the free market. In September the obligation imposed on rubber exporters to hand over 20% of their foreign exchange proceeds at the official rate, was also abolished. The exchange equalisation fund established in July 1955, which derived its means from profit made on the revaluation of gold and foreign exchange holdings that took place in March 1955, was entrusted with the task to stabilise short term fluctuations in the exchange market.

The serious fall in Government income caused the Government in September last to abolish the majority of the import restrictions introduced at the end of 1953, and at the same time to raise import duties. Although these measures afflicted the balance of trade, Government revenue increased in no small measure, while the rising trend of the domestic price level was checked. Taking the year as a whole the cost of living was higher by 10%, resulting mainly from higher local rice prices; wholesale prices rose by more than 20%.

Economic and technical aid from the United States of America, including donations in goods, during 1955 amounted to around U.S.\$46 million. For the major part this aid concerned transport. In view of the still unstable balance of payments position the Government strives to promote industrialisation wherever possible. Difficulties are encountered, however, such as lack of capital, managerial skill and technicians, as well as cheap fuel.

### Viet Nam, Cambodia and Laos

As from 1st January, 1955 the economic union of Viet Nam, Cambodia and Laos with France has ceased to exist, although these countries for the time being still pertain to the French franc zone. During the course of the year separate currencies were introduced for each country. The Viet Nam piaster, the Cambodian riel and the Laos kip relate to the French franc at the rate of one to ten.

The Government of Viet Nam decided to terminate per 1st January, 1956, the trade and payments agreement with France concluded at the end of 1954. Consequently the

freedom of transfer to France, the preferential custom tariffs and the reciprocal obligation to purchase certain quantities of goods that had been agreed upon, lapsed. Meanwhile a new trade agreement more limited in scope has been signed. There can be no doubt that as a result of these measures trade with France will crumble away. As a matter of fact this tendency was already discernible in 1955; the share of French trade which in 1954 was still estimated at 70% of total Vietnamese trade activities fell back by half during the period under review.

The implementation of the two year plan for Vietnamese industry, drafted in 1954, is still in its initial stages. The same goes for the implementation of the three year plan for agriculture. Progress is to a large extent dependent upon foreign aid. Apart from French aid, which in 1955 amounted to approximately U.S.\$18 million, Viet Nam receives substantial contributions from the United States of America. During the year 1954-1955 these amounted to U.S.\$300 million, of which U.S.\$86 million was earmarked for economic projects.

Owing to the bad rice crop and the decline in exports caused by this and other factors, Cambodia, in contrast to 1954, incurred in 1955 a deficit on its balance of trade. But for foreign aid, Cambodia too would be unable to finance its development projects, which aim in particular at harbour and road construction.

Laos, covered by forests and endowed with rich ore deposits such as copper and gold, can exploit only a small part of its sources of wealth owing to lack of technicians and shortage of capital. Indications are that American, British, Japanese and Thai interest for Laos is now beginning to bear fruit. A customs union has been concluded between Laos and Thailand resulting in duty free imports via Thailand into Laos.

### Philippines

Despite higher production and employment the development of the Philippine economy has not quite come up to expectations. The fall of world prices of its principal export products such as copra, coconut oil and sugar evoked recessionary forces. The upward volume of exports was not sufficient to compensate this fall of prices. On the other hand there was a considerable increase of imports, due to liberalisation measures taken at the beginning of the year, as well as higher Government expenditure for development projects which caused a deficit in Government financing, and the expansion in bank loans to private enterprise which was actually encouraged. Consequently, the net gold and foreign exchange reserves fell by about 20% in 1955. For these reasons import restrictions were again tightened in the second half of the year. This induced a rise in demand for local products, the supply of which is often rather inelastic, which fact, together with the increased price level of import commodities, interrupted in the middle of 1955 the downward trend which during three successive years had been so characteristic of local prices.

The revision of the trade agreement between the Philippines and the U.S.A., the so called Bell Trade Act of 1946, was beneficial to the Philippines. Alterations in the parity of the pesos will no longer require prior consent of the U.S.A.; moreover, for the first time since fifty years, American goods are liable to import duties as from 1st January, 1956, to the rate of 25% of the tariffs imposed per the same date on goods from other importing countries. The taxation of goods imported from U.S.A. lends support to the Philippine efforts to broaden their foreign trade, because this measure heightens the possibilities for other exporting countries to compete with U.S.A. in the



Philippine market. Besides spreading foreign trade over a larger number of countries, a broadening of the basis of exports has to be sought after lest the Philippine economy be too vulnerable to unfavourable price trends for a limited number of export commodities.

#### Taiwan (Formosa)

One of the most pressing problems facing Taiwan is its rapidly increasing population. Because enlargement of the agricultural acreage is no longer possible, it is readily understood why in the drafting of development plans emphasis is laid mainly on the expansion of industry. On the whole the targets laid down in the four year plan (1953-1956), in particular as regards the consumer goods industry, will be fulfilled. Three fifths of the value of industrial output falls to Government enterprises. A beginning has been made to foster the expansion of private industry by transfer of Government undertakings to private ownership. The prospects of industrial development are closely related to the solution of problems which spring from lack of capital and from shortage of raw materials and energy supply during the dry season. American assistance to Taiwan in the form of financial aid as well as the sending of experts is playing a very important part in raising the level of agrarian and industrial production. Rice and sugar are the main agricultural crops to which due attention is paid at present. Fertilisers, aluminium products, paper and cement are the commodities in the industrial sector of which production will be stepped up.

So long as the threat from the Chinese mainland continues there will be little hope of a balanced budget for Taiwan. Military expenses are estimated to swallow up approximately four fifths of the total outlays for the fiscal year 1956. Here is another case where American aid brings relief from otherwise almost insoluble problems.

Taiwan's balance of payments improved during 1955. Exports rose from U.S.\$98 million in 1954 to U.S.\$133 million in 1955, while imports decreased from U.S.\$198 million to U.S.\$173 million. Regarding imports it can be stated that U.S.\$88 and U.S.\$82 million worth of goods respectively were imported under arrangements of the American aid programme.

#### Japan

For Japan 1955 has been the most prosperous of all postwar years. There were distinct indications of a boom, which was, however, not marred by inflationary symptoms thanks to the deflationary measures taken in 1953 and tightened further later on.

Among the most important incentives to the Japanese economy were higher exports. Their increase resulted in part from the high level of demand in North America and West Europe, while on the other hand export-promoting measures proved effective. Export proceeds went up by about 27% compared with the preceding year, totalling U.S.\$1,954 million. About U.S.\$759 million worth of exports went to the dollar area (1954: U.S.\$487 million), while the total value of exports to the sterling area amounted to U.S.\$729 million (1954: U.S.\$508 million). The chief items by which exports rose, are iron and steel products, ships and textiles. A serious threat for the textile industry is the pressure exerted in the U.S.A. to curtail imports of Japanese textiles.

Payments for imports fell from U.S. \$1,962 million in 1954 to U.S.\$1,848 million in 1955, for the most part due to diminishing imports of foodstuffs. If, however, deferred payments to the amount of U.S.\$169 million and imports

of American agrarian surplus commodities are taken into account, the outcome is that in 1955 the total import value was higher by round U.S.\$125 million than in 1954.

On account of the favourable trend in the balance of payments, gold and foreign exchange reserves increased in the year under review by U.S.\$431 million to U.S.\$1,555 million.

Over and above higher exports, another important factor favouring the economic position in 1955 was the good rice crop. This amounted to 395 million bushels or 20% above the year average. The problem of chronic food scarcity, which together with unemployment is one of Japan's greatest worries, was allayed. Despite the bumper harvest Japan continues to import rice for stockpiling. A stabilisation policy is expected in 1956, so that in all probability the cost of living, which remained fairly steady in 1955, as well as wages will fall.

Industrial production in 1955 went up by about 8%. Yet employment in manufacturing did not improve to any appreciable degree, which constitutes a serious threat in view of the ever growing population. In part this state of affairs is due to the advance of mechanisation in large enterprises.

Although income of enterprises and individuals went up as a result of higher exports and favourable harvest yields, new investments as well as consumer expenditure lagged behind. The rise in private income went for a large part into savings, to be used for redemption of debt.

#### Korea

An amount of over U.S.\$1 billion in foreign aid, mostly from U.S.A., had been extended to South Korea up till 30th June, 1955. Reconstruction—which would be practically impossible without this foreign aid—is hampered by the prevailing inflationary climate. Moreover the fact that 10% of the population of working age is engaged in military service, which thus absorbs a substantial amount of labour of the most productive age-group, undoubtedly has strong repercussions. In the course of 1955 a number of short term reconstruction projects in various branches of activity could be accomplished. The carrying out of a small number of long term development projects, relating inter alia to fertiliser production, industrial facilities and electricity supply, is making good progress. It is expected that these projects will start production in 1956.

The implementation of the five year plan for South Korea, having as its target economic independence by 1960, will require an amount of U.S.\$2,300 million. It is hoped that the scheme can be financed as follows: \$1,500 million out of American aid, \$500 million by Government finance, \$130 million out of World Bank loans and \$30 million by private means. Prospects are that for 1956 U.S.\$628 million worth of American aid will be rendered to South Korea, of which U.S.\$450 million are intended for military purposes.

The trade balance for the year closing at 30th June, 1955, showed a smaller deficit than in the preceding twelve months' period. Exports as well as imports fell however by about 50%. On the export side this is caused by diminishing exports of tungsten, while on the import side the fall resulted from lower imports of grain and consumer goods. The high income from services, mainly related to the stationing of foreign troops in South Korea, has on balance brought about a slight increase in foreign exchange holdings. Considering that income from services, which is



of a temporary character, amounted in 1954-1955 to U.S.\$66 million, while exports were valued at merely U.S.\$15 million, the precarious position of the balance of payments of South Korea is all the more obvious,

The scarce data available on North Korea, which has of old a more industrial character than South Korea, give the impression of a rapidly expanding production.

### Chinese People's Republic

In July 1955 the first five year plan, covering the period 1953-1957, was introduced and passed by the First National People's Congress. State outlays for the plan are estimated at Yuan 77 billion or U.S.\$33 billion. The emphasis is on industry, to which 41% of the public means earmarked for the implementation of the scheme will be allotted. Of this amount, 79% will go to the big projects, which nearly all relate to the capital goods industry and energy supply. As for the capital goods industry, priority is given in particular to the iron and steel industry, the machine manufacturing industry and further to coal production and electricity supply. Large amounts are appropriated also for the improvement of the railway system. The network in operation at the end of 1955 had been extended by about 20% as compared with 1950.

The target for industry is a rise in production by 98% over the full plan-period, up to 70% of which has to be contributed by the existing industries. The relatively small attention paid to the consumer goods industry is justified by pointing at the fruits which the promotion of the basic industries will bear in the long run to the common welfare, as well as at the over-capacity of consumer goods industries, the utilisation of which is, however, largely dependent on the availability of raw materials.

No more than 8% of total public means allocated to the plan has been set aside for the agrarian sector and for waterworks. Because priority is given to industry, it will not be feasible for the time being to use fertilisers on a large scale, while also the mechanisation of agriculture will take place at a very slow rate. It will be understood that for these reasons, and because of the already intensive use of the soil, the target for agrarian production lags far behind that for industry. The object in view is an increase of agrarian production by 23% over the present plan-period.

The scanty data that are to hand seem to indicate that industrial production went up considerably in 1955. In particular machine manufacturing industries, electricity plants and heavy industries contributed largely to this increase. Agrarian production too has been very satisfactory, on account of good harvests of food crops and cotton.

Agrarian production co-operatives were reported to number round 1.9 million by the end of 1955, comprising about 60% of all farmer families. There are, however, also lower estimates. Until now these co-operatives were in no large measure supported by state credit, neither were they favoured by the providing of seeds and fertilisers. In 1956 this will be different, so that a very speedy growth of the agrarian co-operative movement may be expected.

China shares with other Asian countries the problem of skilled labour shortage. Therefore the plan pays much attention to the training of technicians and the rational use of available labour. In this respect the U.S.S.R. renders important assistance by sending instructors and experts, as well as by training Chinese personnel in Russia.

High hopes are held by the Chinese authorities with regard to foreign trade. In 1955 there was a substantial

increase, particularly in trade with other communist countries. Besides, trade with Western and Asian countries was on the increase too.

### British Colonies in South East Asia

The prospect of self-government and independence of Malaya within the Commonwealth—possibly to be proclaimed in August 1957—was the most important achievement of the conference between Malaya and the United Kingdom which took place in London in January 1956. Concurrently Malaya will by then act as an independent member of the sterling area. Talks with the Singapore Government in December 1955 led to the drawing up of the agenda for a conference to be held in April 1956, where amongst other things self-government for Singapore will be down for discussion.

Thanks in part to favourable world prices for rubber and tin the trade balance of Malaya enjoyed a surplus. In addition, the increased volume of rubber exports contributed largely to this development. Malaya, being one of the most important dollar-earning countries of the sterling area, succeeded in enlarging its dollar surplus in 1955. Owing to higher exports, Government income likewise rose substantially during 1955. By this course of events the budget deficit originally estimated at M\$148 million will be greatly reduced. On the strength of provisional figures it is even anticipated that public finance will result in an estimated cash surplus of M\$42 million. The budget for 1956 introduced in November last envisaged a deficit of M\$50 million. Higher income tax as urged by Singapore will not materialise before the whole tax policy will have been revised.

A mission of the World Bank has drawn up five year plans for Malaya and Singapore. In the Malaya plan the emphasis is laid principally on replanting of rubber acreage and on rice production. Furthermore extension of the road and communication system was recommended, while the urgency for better power supply was stressed. The proposed development projects for Singapore concern mainly building construction, social services and public utilities.

Compared with 1954 the deficit on the trade balance of Hongkong increased. Imports were higher by 8%, chiefly because of more imports from China, while on the other hand imports from European countries were lower. Exports (including re-exports) increased by only 5%. Striking is the fall in exports to China by 53%, which is largely attributable to the extension of China's direct trade with European and other exporting countries. Whereas in 1954 China took first place among the destinations of Hongkong exports, that country dropped to fifth place in 1955.

In view of the uncertainty regarding the future development of Hongkong's foreign trade, it is understandable that much attention is paid to the promotion of local industry. In recent years a remarkable increase of production could be registered. The significance of Hongkong industry was demonstrated by the fact that voices were raised abroad advocating measures to counter the import of its products.

The three British colonies Brunei, Sarawak and North Borneo are mainly agricultural countries. Among the most pressing problems of these areas are irrigation, anti-erosion measures and improvement of agrarian production methods. The expanding oil industry in Brunei has a favourable impact on the economy of this colony while the same may be said of Sarawak where oil is refined and shipped abroad. In a similar manner as in 1954 North Borneo and Sarawak profited in 1955 by good rubber prices. To check loss of exchange, measures to combat smuggling were tightened,



# RECENT ECONOMIC SITUATION IN JAPAN

## Monetary and Business Trends

Rise in bank note issues seems to have lulled, the trend being generally sidewise (10% rise in Sept. over same month of last year). As it is presumed that bank note issue trends are closely linked directly and indirectly with national economic trends, recent bank note trends are likely to leave the impression of an overall, steady business trend. However, recent money and credit trends do not seem to be that simple.

In the first place, rise in deposit currency has rather accentuated its tempo with signs of increased turnover, accompanying the notable increase lately in commercial bank loans. That there is quite an activity in deposit currency despite the lull in cash currency trends is considered important in that there have been many instances in the past of deposit currency-rise causing cash currency to do likewise after a certain time lag.

Secondly, recent investment activity far from temporary fulfillment has been showing further briskness. As a result steel supply has fallen short, and prices have continued to firm led by capital goods. That the commercial bank loan increase during July-September has reached 4½ times the same period of the previous year and deposit currency has shown such a notable rise are factors closely allied to the above business developments.

On the other hand, supply of consumer goods has eased relatively with consumption rise lagging behind production. The result has been a general stability in consumer goods prices. This has been the main cause of the rising-lull in cash currency, a strong factor in current Japanese economic trends.

Nevertheless, there are spots that need careful watching. There is no reason to believe that consumption and wages will not advance when investments and production levels are going upward. And further, since such factors as the supply-ease in consumer goods acting as a safety value to the growing economy and the lull in cash currency rise stemming from it cannot be relied upon unduly, supply trends represented mainly by the short-in-supply lines demand serious consideration.

## Foreign Currency Budget

The foreign currency budget for the lower half of the current fiscal year (Oct. '56-Mar. '57) was set at \$2,341 million. Adequate import of essential raw materials commensurate with the growing economy plus foreign exchange liberalization through expansion of the global budget and automatic approval system are the outstanding features. The balance of payments outlook was also revised in conjunction with the budget decision. The revised balance showed a slight surplus but when deferred payments as usance, etc. were subtracted, a deficit of Y110 million was shown, thereby indicating a substantial shift in the recent surplus trend.

## September Economic Trends

**Treasury Accounts:** Overall Treasury Accounts in September ended in excess payments over receipts (of Y5,100 million). The Foreign Exchange Fund Special Account shifted to excess payments reflecting the lull in export but big dip in import and also the dip in overbought position of foreign exchange banks. Up to the previous month the trend was more receipts over outgo.

Despite favorable tax receipts and dull payments for public works and defense outlays, rice payments from the Food Control Special Account were large thereby causing a rather small balance of receipts over outgo from the other accounts.

### Recent Trends In Treasury Accounts

		1956			1955	
		July	Aug.	Sept.	Sept.	Sept.
Treasury Accounts	.....	0.4	39.8	— 5.1	— 7.0	— 6.8
Foreign Exch.	.....	9.7	0.1	—11.4	—28.7	— 8.8
Others	.....	—10.1	39.7	6.3	21.7	2.0
(Food Control)	.....	—30.0	— 0.7	— 9.3	3.3	0.1

In Y1,000 million

— excess payments over receipts

Overall Treasury Accounts during the Jan.-Sept. period resulted in excess receipts over outgo of Y43,700 million which condition is in great contrast to the Y111,600 million excess payments during the like period of the previous year. This big shift was due mostly to the dip in this year's excess payments from the Foreign Exchange Fund (Y11,600 m. during Jan.-Sept. '56, and Y89,500 m. for the same period the previous year) based on declining surplus in the international balance of payments. Another cause was the very large amount of excess receipts over outgo from the Treasury Accounts, minus Food Control and Foreign Exchange Fund Special Accounts (Y37,300 m. during Jan.-Sept. this year, and Y27,100 m. for the same period last year).

**Banking:** All bank loans kept on bouncing in September (rise of Y152,100 m.) to set a postwar high in the monthly rise (5 times of cor. mo. of prev. yr.; about 3 times the same mo. of 1952 and 1953). This brought the total rise in bank loans during the current fiscal upper half (Apr.-Sept. '56) to Y462,100 million. This compares with Y298,100 million for 1952, and Y257,100 million for 1953. This fast bank loan tempo following the slight, tight money trend since June is significant. Rising fund demands led by plant and equipment plus strong inter-bank bids for loan extensions (particularly city banks) and bank eagerness in upping deposit balances at the term-end helped to boost the loan trend.

Another factor underscoring the competitive loan trend lay in that despite signs of a general halt to falling interest rates, loan rates to the big three (steel firms) were cut 0.365% by certain banks, which indicated that the rate-cut trend was again being revived for the big corporations. (Incidentally, it should be recalled that September 30th being a Sunday caused settlements on commercial bills to be carried over to the next month, which tended to push the loan rise beyond actualities).

The following tendencies were gathered from September loan trends: 1. Continued big loan rises by the long term credit banks indicated that plant and equipment fund demands were still keeping up at high levels led by the big corporations. 2. Business loans were still upward, particularly for small wholesalers' winter goods purchases. 3. Operating fund demands included; raw material imports for iron and textiles, added operating funds accompanying plant and equipment expansion (petroleum, chemical fibers, paper pulp, machinery, chemicals, foods), increased capital payments, settlement funds for small industries, etc.

There was also seen a gradual increase in fund flows for new constructions and improvements of offices, amusement centers, hotels and other service lines, as well as gain in deposit-secured loans usual at the term-end.



Investments in securities upped reflecting activation of the issue market.

Bank deposits also rose sharply to approximately matching the loan-rise. This was due to; turn to excess payments over receipts in the Treasury Accounts, kickbacks from the loan-rise, deposits from corporate bond issues, etc. Besides, compensating balances on loans and bank competition for deposits can't be overlooked. (Ratio of checks and bills balance as against total deposit balance was 14.6%. This compares with 13.8% at the previous term-end (Mar.) and 13% for the Sept. '55 term-end).

This deposit-loan situation for September caused bank financings to be relatively quiet. Also, the tight call market at the month-end was covered by fund flow from reserves of the Central Coop. Bank for Agr. and Forestry. Hence, the outstanding balance on commercial bank borrowings from the Bank of Japan dipped (by ¥3,200 m.).

The above indicated that the bank over-lending trend (loans exceeding deposits) continued from June, was temporarily halted in September, due naturally to excess Treasury outgo. But the problem lies in the still high loan-rise tempo which must be watched carefully in relation to plant and equipment investment trends.

**Bank Note Issue:** Big cash demands toward the month-end caused bank note issues to exceed retirements in September. The marked rise in cash demands at the month-end was mostly due to seasonal (autumn-winter shipments, Gov't rice payments, etc.) and other temporary factors. Note withdrawals were again exceeding issues by wide margins early in the following month.

Comparing average monthly note issue amounts of recent months with their corresponding months of the previous year, we note that the rising trend has dulled somewhat (Sept. 10.7%, Aug. 10.7%, July 10.1%, June 9.4%, May 6.2%). This is seen to reflect the temporary lull in note issue props as the rise in bonus, wages and consumption which have eased cash demands. Developments to be watched are deposit currency trends and recent wage-up demands.

As regards deposit currency trends (incl. current, general, notice, special deposits), the all bank rise during Apr.-Aug. (big rise reflecting the sharp gain in loans) went quite far ahead of the same period of the previous year when the money market was flushed with large payments from the Foreign Exchange Fund. Moreover, circulation of deposit currency was still climbing reflecting the increase in production and shipments. In particular, the turnover rate on current deposits normally below (compared with the cor. mo. of prev. yr.) began to shift upward from August (by 5%), a sign of active fund demands by businesses.

Recent Currency Trends				
(% rise over the cor. mo. of prev. yr.)				
	Cash Cur. Circulation	Deposit Cur. Circulation	Total Bill Clearance	Current Deposit Turnover Rate
Apr. ....	12.2	21.9	15.5	90.3
May ....	13.4	23.8	18.4	91.9
June ....	18.3	22.8	21.8	91.4
July ....	19.6	27.8	28.5	100.0
Aug. ....	13.9	28.7	24.4	105.0

The first easing and later tightening of bank funds during September, added up to only a small dip in outstanding commercial bank obligations to the Bank of Japan.

**Production:** The industrial production index (Econ. Planning Bd., '34-'36=100) for August went 0.4% above the previous month with 220.2. Manufacturing was up by 0.7% to set another postwar peak (20.6% above cor. mo. of prev. yr.), but mining slipped by 4.7% owing mostly to seasonal reasons. Metals and ceramics rose, influenced by

active investment demand. Output of general industrial machinery maintained high levels indicating the increase in backlogs and active investments.

**Inventory:** Producers inventory of finished goods (all industrial lines) dipped by 1.8% in August, whereas raw materials inventory (aided by active imports) and wholesale inventory gained by 4.8% and 4.9% respectively. Producers inventory had been upward since spring led by textiles, rubber, chemical goods, etc.

The continually high production activity plus the dip in makers inventory of processed goods together with the upping of raw materials and wholesale inventories are reflections of strong effective demand and the firm business outlook.

Shipment indexes for August registered gains for both investment goods (3.3% over prev. mo.) and consumer goods (1.4%) indicating continued activity in investment demand and firm consumer demand.

Shipment Indexes					
	Invest. Goods	Consumer Goods	Non- Durables	Durables	Export
1955					
Jan.-Mar. ....	100.0	100.0	100.0	100.0	100.0
Apr.-June ....	104.1	102.6	101.6	113.8	103.3
July-Sept. ....	110.1	114.7	115.0	112.2	115.8
Oct.-Dec. ....	114.3	117.2	117.6	113.2	134.7
1956					
Jan.-Mar. ....	117.7	114.3	113.2	125.7	122.9
Apr.-June ....	130.3	123.0	120.0	154.1	131.8
July-Aug. ....	139.2	126.9	124.1	153.8	132.8

All this added up to a growing economic trend amidst firm business conditions propped mainly by rise in investment demand.

**Bottlenecks:** Along with this economic growth have appeared bottlenecks in electric power and cargo transport lines. As for electric power, consumption-rise is outrunning generation-rise by nearly twice as much. The 6-year electric power resources development plan up through the fiscal year ending March 1961 calls for an 8% rise of electric power capacity on an annual basis. However, electric power consumption during April-June this year showed a gain of 17% mostly in response to the production-rise on steel, chemicals, aluminum goods, etc.

For the present, however, thanks to the plentiful water-flow, there have been hardly any cases of operation dips (cutbacks) attributed to electric power shortage. Possible shortages are feared, nevertheless, in certain of the northern areas during the peak electric power demand season (from the year-end through Jan.-Feb. when water-flows are slack).

Cargo transport, particularly loadings on the National Railways, is getting tight owing to the sharp rise in shipments led by coal, steel, machinery and cement. Up to the present, however, no signs of particular disturbances in the production, trading and price scenes are visible outside of very limited lines. A case in point is the rebound of higher ship freight rates on coal prices.

Yet, cargo shipments are expected to get quite tight along in the 3rd quarter (Oct.-Dec.) when shipments of coal and food seasonally converge, especially in northern Kyushu, Hokkaido, N.E. Japan and Japan Sea areas.

Various remedial measures are being applied to break through these bottlenecks. The Ministry of Int. Trade and Industry is strongly pushing the realization of the electric power development plans and has decided to suspend new power permits for electric furnaces, restrict construction of big electric power consuming factories, postpone continued constructions and added supplementary electric power development projects.

As for freight loadings, the National Railways is planning to make maximum use of existing freight facilities as well as shift to motor car and sea transportation. More-



over, a 5-year plan has been laid which calls for construction of 16,000 new freight cars by the fiscal year ending March 1962. However, financing is proving a headache.

The need for plant and equipment expansion in electric power and transport is recognized, but in the face of shortage (as steel) arising from the high investment tempo causing fast economic growth, overall adjustment of demand must be attended to along with alleviation of bottlenecks.

**Foreign Trade & Foreign Exchange:** Despite the \$19 million trade-deficit, the foreign exchange balance for September showed a surplus of \$19 million (\$15m. minus deferred payments as usance, etc.) aided by favorable receipts from the Security Forces and dip in invisible payments. Both export and import declined by \$25 million. Both July and August had revealed deficits in the balance of payments.

Export indicators for September all pointed to dips from the previous month. As these dips are believed to be due mostly to temporary factors outside of steel and ship exports, they do not signify an overall export dipping trend.

The same may be said of import indicators (as L/C, customs, settlements) which dipped.

**Apr-Sept. Trends:** Compared with the previous term, the first half (4-9) of the current fiscal year indicated an export-rise of 9% as against a big 25% rise for import. The respective percentages for the previous half term (as compared with its previous half term) were 14% and 6%, presenting quite a contrast.

Consequently, the balance of payments for the first half of the current fiscal year showed a surplus of \$132 million (as against \$302 million and \$233 million for the two previous fiscal half terms). The actual surplus deducting usance, etc., came to only \$14 million (as against \$255 million and \$156 million). The export-import balance was a deficit of \$34 million (as against surpluses of \$112 million and \$26 million).

As for currency areas, the open accounts were treading downward both in receipts and payments, whereas the dollar and sterling accounts indicated expansions. In particular, the sharp import-rise from the sterling area was outstanding, reflecting promotional measures (49% rise over the prev. fiscal half; 54% over the cor. pd. of prev. yr.).

Commodities on a rising export trend (customs statistics) from the previous fiscal half, included; ships at the top, followed by cement, spun rayon fabrics, rayon fabrics, toys and fertilizer. Among those which dipped were; steel and non-ferrous items with big home demand, cotton fabrics with an unstable home market and sewing machines with U.S.-export checks.

Import items on a continually upward trend covered industrial raw materials as cotton, wool, rayon-pulp, steel scrap, phosphate rock, petroleum, rubber and hides reflecting the continued production growth. Machinery import also upped from active plant and equipment investments. But food import dipped owing to the bumper home crops.

That it was possible to maintain a balance of payments-surplus despite the import-rise demanded by a growing home economy and price-rises led by metals, owes much to the steady overseas business boom. In particular, it was fortunate that brisk export of ships covered the dip in steel export, and overseas demand did not weaken on soft-tending goods as textiles. However, foreign exchange trends must be watched with care along with shifting overseas business and economic trends.

**Foreign Exchange Budget (Oct. '56-Mar. '57):** The Cabinet Council on September 25th set the foreign currency budget amounting to \$2,341 million for the lower half of the current fiscal year ending March 1957. Imports cover \$1,915 million and invisible payments \$426 million.

The budget-size is the biggest since installation of the foreign currency budget system. It is \$229 million above the first fiscal half and \$550 million over the corresponding period of the previous fiscal year.

	F.Y.'56-'57		F.Y.'56-'57	F.Y.'55-'56
	1st half	2nd half	Total	Total
Goods .....	1,766	1,915	3,681	2,615
Invisibles .....	346	426	772	549
Total .....	2,112	2,341	4,453	3,164

Budget features are: 1. Marked rise in commodity import budget: Ample budgets were allowed for the various import items in order to meet the demands for necessary raw materials commensurate with the economic growth tempo. The total commodity import budget for the current fiscal year ending March 1957 ran to \$3,681 million or \$1,065 million over the previous fiscal year.

2. Global budget expansion: In line with liberalization of imports the global budget was expanded to about 80% (1st half was 60%) of the total budget. The non-dollar budget quota was abolished to allow for the most opportune buyings.

3. Automatic approval budget expansion: Items added anew to the automatic approval list included iron ore, pig iron, non-metallic ores and cotton linter. The budget amount was raised \$38 million to \$390 million. Cotton waste, beef tallow and soy beans were still not listed.

On the basis of this greatly expanded import budget, the Cabinet Council revised the fiscal year (ending Mar. '57) balance of payments outlook. The nominal balance (minus deferred payments) is expected to end with a \$31 million-surplus. But the actual balance is a \$110 million-deficit.

**Japan-Argentina Trade Agreement:** Provisional agreement was arrived at (Sept. 8th) in settlement of the accumulated Open Account credits against Argentina together with future settlement problems, as follows: 1. Open Account credits of heretofore (closed last March-end) amounting to about \$60 million will be paid in 10-yearly installments (ave. interest rate at 3.5% p.a.). 2. Export and import transactions not settled by Mar.-end and approved by both Govt's will be entered into a new account. To balance this account at \$20 million for both export and import, Japan will purchase wool, linseed oil, etc. amounting to about \$16 million in addition to the import contract balance of \$4 million at last March-end. 3. All commodity and invisible transactions outside of the above-mentioned transactions will be settled in transferable sterling in accordance with the respective country's foreign exchange regulations.

**Foreign Exchange Rate Liberalization:** Formerly, arbitrated rates, TT rates and sight buying rates of the Deutsche Mark, Swedish Krona, Canadian Dollar and Swiss Franc were fixed on the basis of the actual market rates of these currencies as against the U.S. Dollar or U.K. Sterling. However, as from 10th September the existing system was revised (eased) in consideration of their non-concentration and smallness of transactions which make strict rate fixing unnecessary.

New measures are as follows: 1. Deutsche Mark and Swedish Krona: For the time being, arbitrated rates will be calculated from the IMF registered par values. Spot rates (except usance buying rate) may be quoted freely by foreign exchange banks within a margin of 1% up and down the arbitrated rates. 2. Canadian Dollar and Swiss Franc: As formerly, arbitrated rates will be fixed from the actual market rates of these currencies as against the U.S. Dollar. Foreign exchange banks will be free to quote their rates within a 1% margin up and down the arbitrated rates. 3. The Bank of Japan will post as usual the respec-



## ECONOMIC REPORTS FROM JAPAN

### Foreign Exchange Position in September

Reflecting the improved foreign exchange balance of payments for September, the nation's foreign exchange holdings at the end of the month rose by \$19 million to \$1,405 million from the corresponding figure for the previous month. Dollar holdings continued to rise during September to reach \$1,041 million at the end of the month, which was \$26 million more than the \$1,015 million at the end of August. On the other hand, "open-account" dollar holdings recorded a slight rise of \$6 million to total \$252 million at the end of the month. A sharp decline was observed in the pound holdings. The pound holdings, which stood at \$277 million in terms of U.S. dollars at the end of April, continued to decline to register \$112 million at the end of September, or \$14 million less than the comparable figure for August. The pound holdings of \$112 million or £40 million are regarded as insufficient to carry out normal trade transactions.

### Steel Situation

Demand in Japan is now 2,040,000 tons, or 140,000 tons more than in July 1956, against a supply of 2,160,000 tons including some 60,000 tons of steel imported from overseas. Steel importation is only 60,000 tons against 130,000 tons estimated before by the Ministry of International Trade and Industry. Because of the tight situation of the ferro-products at home, export could not be actively encouraged. Export contracts will probably be concluded for 150,000 tons for the last quarter 1956. When the third quarter started, the stock was 370,000 tons, to which will be added 2,100,000 tons to be domestically produced and 60,000 tons to be imported to make the total of 2,530,000 tons available during the fourth quarter.

### Cement Secondary Products

The rising demand for secondary products of cement, which had been steady since years, began to pick up this year, covering all kinds of the products, to show a 40 or 50 percent increase in sale over last year. This upward

tive arbitrated rates as well as the margin ranges of the foreign exchange bank rates.

**6th Cotton Credit:** Signing of the 6th Cotton Credit between the Bank of Japan and the Export-Import Bank of Washington took place on Sept. 5th (Wash. time). The first was in Dec. 1951. The terms are: 1. Amount—\$60 million (similar to 5th); est. amount of raw cotton import, 400,000 bales. 2. Interest rate—3½% p.a. (3¼% for 5th). 3. Term—12 months (similar to 5th). 4. Expiration date of L/C—31st July 1957. Spinners interest rate burden was raised to 5% p.a. maximum (5th was 4.375%).

**Price Trends:** The September wholesale price average was 1.8% above the previous month. It was 6.9% higher than the January average. During September, metals, machinery, building materials and other producer goods led the rising trend with 3%. In contrast, consumer goods went generally sideways with a 0.5% rise. As for others, export prices (Aug.) upped a bit from rise in metals, but retail and consumer prices were stable.

Recent price trends are significant for their pronounced mixed tendencies both as to commodities and distribution stages. Adjustment of these irregularities will undoubtedly constitute a key point in future price trends.

trend is generally expected in the industrial world to continue further. Most of the secondary products of cement are building materials such as concrete blocks, concrete poles, concrete piles, asbestos slates, eternit pipes, and the like, which are primarily used in substitution for steel or wood products. Popularity of the cement products grew fast, because: (a) In the light of the antiflood afforestation, timbers should be preserved, for which purpose cement products are being substituted. Although the prices of cement products are still higher, their longer durability, uniformity of quality, and nonflammability make up for the handicap in price. (b) When used in substitute for steel, cement products are more economical in cost. (c) In the building industry, nonflammable nature of the products is welcomed, especially in big cities. (d) Cement producers have been active in helping foster the production of secondary products.

Because of the vast variety of secondary products, it is well-nigh impossible to ascertain the accurate figures of their production or delivery, an outline of which, however, might be, to a certain degree, estimated from the following statistics of the delivery of cement to the producers of secondary products.

Months	1956	(in tons) 1955
April	62,423	53,447
May	65,152	52,237
June	62,209	46,545
July	64,427	43,841
August	66,427	49,648
September	72,380	50,946

### Raw Silk

Raw silk produced during October amounted to 29,687 bales of 132 lbs., which was 2 percent less than the previous month, but 2 percent more than the similar month of last year. Its export during the month dropped by 8 percent to 6,616 bales from September and 33 percent from the corresponding month last year. On the other hand, the domestic demand for raw silk continued active throughout the month. Domestic deliveries came to a total of 22,208 bales, which though 2% below the level for the previous month, remained at a high level of 30 percent above the comparable figure for October last year. There was no purchase made of raw silk by the Government during October and, as a result, the producers' and sellers' stock-piles at the end of the month totalled 18,861 bales.

### Mining and Manufacturing Production

Although a slight decline was observed in August for seasonal reasons, the combined production index for the nation's mining and manufacturing industries rose by 2.0 percent in September to establish a record high of 255.4 against 100 for the 1950 average. The September production index broke the previous high of 251.3 attained in July. When compared with the figure for the corresponding month last year, it was 22.1 percent more than that. From which it is easily understood that the nation's industrial activities still maintained an extremely high level during the month. Industries whose production overtopped the August levels were coal and lignite showing a rise of 5.4 percent, textiles 4.6 percent, chemical products 2.0 percent, ceramic, earthen and stone products 3.0 percent, rubber products 3.2 percent, leather and leather products 2.9 percent, and daily necessities 4.1 percent. Although partly due to seasonal factors, the production increase during the month was largely shared by light industrial products. On



the other hand, noticeable decreases took place in the field of heavy industries such as iron/steel products (0.7 percent) and machinery (1.1 percent). Despite the brisk demand, production of iron/steel products showed a slight decline, but remained almost at the same level as the past several months. In the long run, this is interpreted to have come mainly from an acute shortage of raw materials. The decline of 1.1 percent in the machinery production as a whole was attributable to the decreased production of electric and precision machines. Yet, the machinery production may be said to have kept a considerably high level, 45.3 percent higher than the corresponding month last year.

Salient points observed in the production of September are as follows:

(1) In the field of non-ferrous metal production, lead produced during the month amounted to 4,146 tons, showing a substantial rise of 11 percent from the previous month. The September figure was the largest ever recorded since the war. Production of electrolytic copper declined by 4.0 percent, electrolytic tin by 23.0 percent, nickel by 2.0 percent, and titanium by 4.0 percent, but still kept high levels. On the other hand, non-ferrous metal products as a whole saw increases of from 1 to 3 percent, in their production. Especially noticeable were rolled copper products whose output overtopped a 13,000-ton level. (2) Stimulated by the growing seasonal demand, production of textile goods maintained a high level, which was also due to the increased working days for the month and production equipment. Textile production as a whole realized a 4.6 percent advance, which was attributable to the increases of 4.4 percent

for yarns, 2.4 percent for chemical fibers, and 4.9 percent for fabrics. But, there was a marked fall of 11.5 percent in production of textile secondary products as a whole. (3) Production of chemical products as a whole increased by 2 percent over August, and registered 256.1. The production advance was realized by (a) the increased output of vinyl chloride and methanol whose domestic supply is tight, (b) a high output level of paints, soda products, and tar chemicals, and (c) the increased production of chemical fertilizers and films reflecting seasonal heavy demand. (4) Production index for ceramic, earthen and stone products rose by 3 percent to register 229.7, which represented a 19 percent increase from the like month last year. The rise in production level was attributable to the increased output of building materials such as sheet glass, cement, etc.

The average index for the mining and manufacturing production for the first half of the current fiscal year (April-September) stood at 246.9, which was 23.4 percent and 14.3 percent higher respectively than the first half and the second half of the 1955 fiscal year. The favorable trend of industrial production in the six months was observable in the average indices of 241.4 recorded for the first three months (April through June) and 252.4 for the second three months (July through September) compared with 216.6 for the preceding three months (January-March). The production index for mining industry for the period under review averaged 132.9, showing increases of 4.6 percent and 12.4 percent over the preceding half-yearly period and the first half of 1955 fiscal year, while the manufacturing production index stood at 270.4 on an average, which was 15.4 percent and 24.6 percent higher respectively.

## REPORTS FROM CHINA

**Capitalists & Fixed Interest:** In Peking early this month, Vice Premier Po I-po announced that fixed interest will continue to be paid to private shareholders in joint enterprises at least until after the end of the second five-year plan, 1962. He stressed that there should be no persuasion to give up the interest of 5% and no campaigns should be launched about it. The payment of fixed interest, he said, was the state policy of buying out private enterprises. Vice Premier Chen Yun explained that the buying out of private enterprises is in the interests of the working class and all other people and also the international socialist movement. The buying over instead of confiscating private undertakings helped the restoration of the national economy during the 1949 to 1952 period and is essential to present construction. Most private enterprises are in the consumer goods industries and their maintenance ensures supplies of manufactured goods for the exchange of farm produce and to meet urban needs. It has also helped to stabilize prices, keep up production and avert mass unemployment and thereby benefit the workers. Chen Yun also pointed out that the payment of a fixed interest and the employment of capitalists in the joint enterprise help to rally them around the working class. The majority of them have been working for the cause of socialist construction since this policy was put into effect ten months ago. The greatest number of technical and managerial experts and intellectuals in the country are still those who have come from the national bourgeoisie as a class.

**Heavy & Light Industries:** People's Daily in Peking recently commented that the policy to speed up the development of agriculture and pay attention to the growth of light industry put forward by the Central Committee of

the Communist Party half way through the first five-year plan "was of tremendous practical and profound theoretical significance." This policy calls for coordination between the growth of industry and agriculture; between the growth of heavy and light industries; and between building heavy industry and raising living standards. It further noted: "If the importance of heavy industry is unduly stressed while the importance of the people is ignored and their initiative regarded as of little consequence, this will be a departure from the Marxist-Leninist standpoint, a violation of the fundamental law of socialist economy and will jeopardize the cause of socialism. Furthermore, agriculture and light industry supplied the people with consumer goods and at the same time provided funds to build heavy industry."

**Canned Milk:** Peking revealed that China would produce 55% more milk powder and condensed milk in the coming year to meet growing consumer demand. This year's output will include: 4,500 tons of powdered milk, over 2,000 tons of condensed milk, and several thousand tons of butter, cheese, casein and milk sugar. At present, there are 80 milk-processing plants in China. Four new factories capable of processing a total of 700 tons of milk daily are being built in Inner Mongolia, Heilungkiang and Kansu.

**Textile Industry:** China's textile industry is now producing at a higher rate than what it was expected to reach for another 12 months. Peking claimed that by the end of the year ending October 31, output had already exceeded the following: cotton yarn five million bales, cotton cloth over 163,721,000 bolts, woollen fabrics 7.5 million metres, linen 18.3 million metres and silk over 69 million metres. These figures correspond to the targets for 1957, according



to the original five-year plan and represent increases of from 38% to well over 100% over 1952. Since 1953 28 cotton mills had been built or expanded with a total of 1,150,000 spindles and 30,300 looms. Ten other projects built or extended included printing and dyeing mills, a textile machinery plant and a linen textile mill. Another 16 mills with a total of over one million spindles and 28,000 looms are being built, of which the four major ones in Peking, Shihkiachwang, Sian and Chengchow would soon go into operation. Home supplies of cotton, which had already surpassed the pre-war peak in 1951, grew by one-fourth since 1952. Imports from Egypt and other countries helped greatly. The textile machinery industry turned out over 700,000 spindles, 19,000 looms and other equipment this year. Textile equipment has also been exported to countries in Asia and Africa. A 20,000-spindle cotton mill is being built for Burma and a bigger one will be constructed for Egypt. Orders had been received from North Vietnam for whole sets of spinning, weaving and dyeing equipment.

**Cement Output:** China's cement output reached its 1957 target of six million tons one year and one month ahead of schedule according to Peking's official reports. High alumina cement, white cement, oil-well cement, high-early strength cement, sulphate resistant cement and highway cement are among the new cements not produced before 1950. Many of these are in mass production. Three new cement plants are scheduled to go into production next year. One will have an annual capacity of 450,000 tons.

**Rubber Industry:** Peking reported that heavy-duty tyres, passenger car tyres, weather balloons and surgical gloves are among the 308 kinds of new rubber products successfully trial-produced since the beginning of the five-year plan. Mass production has started on most of them. More than 200 new rubber products will be put into production next year. China's first plant for the production of latex rubber goods is now making many latex products not manufactured in China before. A rubber research institute was established recently.

**Machine-Building Industry:** Output of 16 major items for the machine-building industry in the 12 months ended October surpassed the quotas set for next year—the last year of the current five-year plan. These items include machine tools, steel plant equipment, internal combustion engines, ships and railway passenger cars. Peking boasted that more than 1,000 important new products had been manufactured since the beginning of the five-year plan. Among them are lorries, locomotives, heavy and precision machine tools, and steam turbines.

**New Products:** Peking announced that Shanghai had recently produced the first 12,000-kilowatt steam turbine in China. Fitted with a generator of similar capacity, the turbine will be able to supply lighting to a city with a population of 600,000. A Czechoslovak expert assisted in designing and making this turbine at the Shanghai Steam Turbine Plant. China's paper industry manufactured many new products this year including condenser paper used in high tension transmission systems, insulating and durable hard fibre, waterproof paper and paste board required by the motor car industry, parchments, tracing paper and various kinds of printing paper. Full-scale production of some of these items has already started while the rest will be made in large quantities next year. China can now produce more than 120 kinds of paper as compared with only 22 kinds before 1950.

**New Factories:** Work on a big new cement factory has begun near Sian in Shensi Province close to large deposits of high quality limestone. Its planned capacity is 680,000

tons annually. The factory will go into operation at the end of 1958. Four new modern sugar refineries went into operation this year in Kwangsi. Output of machine-made sugar in this province is expected to reach 25,000 tons this year. Two more sugar refineries with a total capacity of handling 2,000 tons of sugar-cane daily are now under construction in the eastern part of the province.

**Power Station:** The construction of a new hydro-electric power station near Chungking began recently. Located at Huilungchai, this station will be the fourth built on the Lungki River. The Shihztutan Hydro-electric Power Station, the biggest of the four, started operation in October. The Huilungchai Power Station will be completed in about a year.

**Coal Mines:** 29 new coal mines have come into operation in China since 1953, adding a capacity of 50,440,000 tons of coal a year. Peking also reported that another 68 mines with a total capacity of 27,420,000 tons a year are now under construction; 21 of these are located in new mine-fields in Shansi, Honan, Szechwan, Kansu, Liaoning and Inner Mongolia. During the first 10 months this year, coal output in state mines has risen 17.47% compared with the same period last year. Peking also claimed that 65,469,000 tons of coal had been raised by state-owned coal mines during the period.

**Japan-China Scientific Cooperation:** Peking announced that a liaison body for scientific and technical cooperation between Japan and China had been set up in Tokyo by more than 20 well-known Japanese scientific organisations. The purpose and principle of this organisation is to promote technical ties and cooperation between Japanese and Chinese scientific organisations.

**Railway Construction:** The first five-year plan target in tracklaying has been completed over a year ahead of schedule: a total of 4,104 kilometres of new railways was completed in less than four years. The newly-built trunk railways include Litang-Tsamkong Railway to the new sea harbour in the Luichow Peninsula opposite Hainan Island, the Chinese section on the Peking-Ulan Bator-Moscow Railway, the Fengtai-Shacheng Railway through the Great Wall serving as a new section on the Peking-Paotow line, and the Paoki-Chengtou Railway. The Lanchow-Sinkiang Railway has now reached a point 963 kilometres northwest of Lanchow. Over two-fifths of the railway was completed by the end of November this year. Tracklaying on the railway exceeded the five-year plan target by 133 kilometres. The 700-kilometre Yingtan-Amoy Railway, originally scheduled to be finished in the second five-year plan, has reached the island. Branch railways completed include the railways in the future Paotow and Wuhan iron and steel centres, Lanchow and Sian and other industry areas, as well as in the forest areas in the Great and Little Khingan Mountains, and the Changpeishan Mountains in Northeast China. The speedy construction of the new railways under the current five-year plan makes it possible to advance the construction of nine new railways originally scheduled for the second five-year plan. Pre-schedule construction work has started on Neikiang-Kunming Railway, Chungking-Kweiyang Railway, Kweiyang-Kinchengkiang Railway and a railway from Pise-chai in Yunnan to Hokow on the Vietnamese border.

**International Air Routes:** A direct airline service linking Peking, Moscow and Prague was opened on December 2. The Soviet TU-140 jet passenger planes are used on this line which has one service in each direction weekly. Flights from Prague to Peking via Moscow will be on Saturdays and back from Peking on Sundays. In the South, Peking allowed Air Ceylon International to operate flights to Canton from Colombo via Bangkok. Air Ceylon will thus become



## REPORTS FROM THE PHILIPPINES

In view of the Mideast tension and the Russian threat to peace, Pres. Magsaysay mobilized the Philippine Civil Defence Administration, with special emphasis on air defense. The Philippines has frustrated the Soviet-inspired plans for a meeting of the Afro-Asian powers to consider the crisis in the Middle East. Secretary of Foreign Affairs Garcia told Indonesia that the Philippines would be reluctant to attend any such meeting unless it discusses matters apart from those taken up by the United Nations.

Gov. Miguel Cuaderno of the Central Bank said that U.S. banks are granting the Philippines a new \$50,000,000 credit line. The amount will be used for the importation of essential goods.

International Harvester Company of Philippines will expand its buildings and facilities. The construction project involves an outlay of P3.5 million. The new plant will be located in the suburbs of Manila and, as soon as it is finished, the company will engage in the partial production of International trucks and tractors in order to meet local demand.

The Bank of the Philippine Islands has received approval for the construction of a P2,600,000 office building at Plaza Cervantes and Juan Luna, Manila.

The demand for Philippine coconut oil has greatly increased in Europe because of the drop in olive oil production there as the result of the past hard winter. 60 to 70% of Philippine copra is now being exported to Europe. In view of the fact that fewer ships may be calling at the Philippines, or calling irregularly, during the current international situation, warehouses provide to store copra being held for export.

The Abaca and Other Fibers Corporation stated that from 40 to 50% of Philippine abaca is now being exported to Europe. The demand for abaca now is as great as it was in 1951.

The Government will sell its Bacnotan Cement Factory in La Union province for cash or on the instalment plan, at a floor price of P12,500,000. The decision to sell the plant is in furtherance of the government's policy of gradually withdrawing from enterprises that can be handled by private operators.

The construction of the Binga hydro-electric project in Mountain Province has been given top priority over all other hydro-electric projects. The Binga project will supply the power needs of northern Luzon. It will supplement the Ambuklao hydro-electric plant, recently completed, which serves Central Luzon and the Manila area.

the first non-Communist airline to provide a direct link to the Communist mainland.

**Tsamkong Harbour:** Main work has been completed in the first stage construction of the Chankiang (Tsamkong) Harbour situated in South China on the Luichow Peninsula. Works completed include a deep-water wharf with berthing capacity for two 10,000-ton steamers, large-size godowns and a branch railway linking the harbour with the Litang-Chankiang Railway. The remainder of the first stage construction work is to be completed by June next year, when the volume of import and export cargo handled by this harbour is expected to reach 1,600,000 tons annually.

Philippine government and industry leaders are concerned that the current international tension, especially the Suez crisis, will result in further increases in shipping rates to and from the Philippines. Such increases could have a very unfortunate effect upon the Philippine economy, in view of the fact that the Philippines lacks adequate shipping of its own with which to counter, or compensate for, rate increases by foreign lines.

The present dependence of the Philippines upon foreign carriers is illustrated by the following tabulation on inbound and outbound ship clearances at Philippine ports during 1955:

	No. of Ships	Net Tonnage	Outward Cargo (metric tons)	% of Total Cargo
Total	3,882	15,883,224	5,791,074	100.00
American	753	4,129,147	716,707	12.37
Japanese	1,126	4,052,361	3,270,442	56.47
Norwegian	564	2,024,491	411,009	7.09
British	333	1,457,946	243,557	4.20
Danish	246	1,029,796	213,726	3.69
Panamanian	87	397,367	106,584	1.84
All Others	773	2,792,116	829,049	14.34

  

	No. of Ships	Net Tonnage	Inward Cargo (metric tons)	% of Total Cargo
Total	3,744	14,355,801	3,365,815	100.00
American	738	3,555,985	177,088	14.17
Japanese	1,016	3,083,709	166,941	4.96
Norwegian	572	2,070,298	664,451	19.73
British	338	1,491,088	709,135	21.05
Danish	244	1,028,749	178,607	5.33
Panamanian*	91	427,146	705,799	20.96
All Others	745	2,698,826	463,794	13.80

(\*mostly tankers)

Palawan Consolidated Mining Co. on Nov. 6 sent out its first shipment of 2,000 tons of high grade metallurgical chromite ore to Philipp Bros., Inc., New York, the firm which holds the 1956-57 buying rights. The shipment was valued at \$110,000.

Lepanto Consolidated Mining Co. during October produced 3,885 tons of concentrates estimated to contain 2,265,740 pounds of copper and 3,408 ounces of gold (returnable gold at 3,297.2 ounces). The concentrates contained an average of 29.16% of copper and 0.877 ounce of gold per dry short ton. Ore treated during the month totaled 28,692 tons, averaging 3.11% copper and 0.113 ounce of gold per ton.

Atlas Consolidated Mining and Development Co. during October produced 5,670 dry short tons of concentrates estimated to contain 2,239,534 pounds of copper and 737 ounces of gold. Ore treated by the mill at Toledo totaled 166,825 tons averaging .78% copper and .01 ounce of gold per ton. Concentrates averaged 19.75% copper and .13 ounce of gold per ton. Shipments from Toledo during the month totaled 2,567,454 pounds of copper and 749.6 ounces of gold, valued respectively at P1,819,349 and P52,472. Shipments of iron ore from the company's Mati mine in October amounted to 18,500 tons with an estimated value of P317,275. The total peso value of the company's combined copper concentrate and iron shipments during the month was P2,189,096.

Mindanao Mother Lode Mines in October produced 757 metric tons of copper concentrates valued at P258,300.



## ECONOMIC LETTER FROM MANILA

Two heavy-duty dredges for flood control work were turned over to the Philippine Government by the I.C.A. The dredges will be used initially to dig two channels to drain flood waters from the Agno River in Pangasinan, a project on which the Philippine Government will spend an estimated P1,800,000. The operation is expected to increase the floodway capacity of the river by about 40% and will provide protection from annual floods for some 450,000 acres of agricultural and urban land. The dredges are of the 10-inch portable hydraulic pipeline section type. They were bought by the I.C.A. for the Bureau of Public Works at a cost of approximately \$377,562, including the cost of the attendant plant.

Internal revenue and customs collections reached a record high in the Philippines during the first quarter of the current fiscal year. The total amounted to P172,942,614 in the July 1-Sept. 30 period, a gain of more than P50,000,000 over the similar period last year. "Gross collections" of the government during the three months—which also take in such levies as the residence tax, franchise tax, immigration tax, fines and penalties, and other miscellaneous items—came to P194,680,289. Budgetary estimates of tax collections during the fiscal year have been placed at P175,936,775.

Philippine steel manufacturers warned that unless the government takes steps to prohibit the exportation of scrap iron to Japan, the price of locally manufactured steel bars will be raised. Steel manufacturers here face the prospects of dwindling supplies since the local supply of scrap iron is good only for three or four years. As a result of the unabated exports to Japan the price of local scrap iron increased 200 per cent. The price of steel billets from Europe has been raised 61 per cent. The local steel manufacturers have urged to cancel all export licenses for scrap in order to enable them to produce steel bars which are needed by the local construction industry. Prices of Philippine-made steel bars have gone up by about 35 per cent.

A floating canning plant will be set up in Iloilo at a cost of around P1,000,000. The plant will be established at Estancia, a well-known fishing town, and will be designed to exploit the rich fish resources of the northern towns of Iloilo. The plant will be bought from Japan.

Philippine National Lines has been admitted to the Far East Conference of shippers. Philippine National Lines is owned by the National Development Company of the Philippine Government.

Philippine trade with Canada in the first half of this year improved in favor of the Philippines. Imports from

Canada in January-June of this year amounted to \$7,855,192, as against \$8,793,013 in the same period last year. On the other hand, exports to Canada in the first six months of this year totalled \$1,244,525, as against exports in the same period of 1955 of only \$962,388. The main Philippine imports from Canada were wheat flour, newsprint and copper manufactures. Main exports were copra, desiccated coconut and hemp.

Three leading economists and businessmen revealed a large degree of unanimity in separate statements on how they feel the nation should proceed with its industrialization program. R. Marino Corpus, head of the Export Control Department of the Central Bank, advocated a program centered upon the rice industry. "In a strategic plan of economic development efforts and resources should be directed toward the expansion of rice production. By-products of rice may be improved and new ones exploited. Oil from rice bran, paper from rice stalks, and breakfast foods with vitamins added may be manufactured." Gaudencio S. Manalac, prominent lumberman, urged that industrialization be keyed to all the country's main agricultural products—rice, sugar, coconut, hemp and timber. "Any economic policy, especially for an underdeveloped nation like the Philippines, should provide encouragement and protection for industries. But industries should not be protected at the sacrifice of the public." Alfredo Montelibano, president of the Philippine Chamber of Agriculture, urged that "we should industrialize by establishing processing plants that will make use of the enormous amount of products and by-products of our agricultural and other already existing industries. We usually sell the by-products of agriculture only to repurchase these again as finished products at a higher cost." Montelibano urged establishment of industries using the country's iron, copper and non-metallic minerals.

Itoyon Mines reports its October production of gold amounted to 2,519.788 ounces, worth P300,215.21. Baguio Gold Mining Co. reports that in October it milled 13,446 tons of ore for a recovery of 2,603.96 ounces of gold worth P300,520.56. Baguio's production figures for September were 13,020 tons of ore milled for a recovery of 2,633.653 ounces of gold worth P298,606.82. Palawan Quicksilver Mines has reached a stage where its operations are stabilized and a steady monthly production assured. The mercury firm has been granted, and since September has been using, barter licenses for 100% of its production. During October the company's reduction plant treated 3,896 tons of cinabar for a production of 22,507.7 pounds of mercury valued at approximately P152,000.

## NEWSLETTER FROM MANILA

**Bases:** Philippine-American relations took another slight downturn during the past fortnight over the same old issue—bases. Mr. Karl Bendetsen, chief United States negotiator in the Philippine-American bases talks, announced that his panel would return to the United States. Congressional and newspaper quarters took this as a "veiled threat" and an "attempt to put pressure" on the Philippine panel, as the announcement came when the talks were still deadlocked on the question of jurisdiction. Mr. Bendetsen himself promptly denied any suggestion of threat or pressure, and hastened to say that agreement could still be

reached before the return home of his panel. The United States Embassy followed this up with a denial that the departure of the American panel would mean the collapse of the bases talks. The Philippine panel was summoned to an emergency meeting, with President Ramon Magsaysay himself taking a hand. Congressional members at the meeting agitated for putting the Philippine demands on a "take it or leave it" basis. Prospects of agreement appeared dim.

**Jurisdiction:** The question of jurisdiction, main stumbling block to a bases agreement, came into the spotlight as a result of the Cottee Case. This case involved



American Airman Robert C. Cottee, Jr. He was guarding an American plane which had crash-landed at Manila's International Airport (November 13) when a group of newsmen and photographers took pictures of the wrecked plane. Airman Cottee reportedly fired in the air to stop the group from leaving the area, then confiscated the films. He was charged in court for alleged coercion and illegal discharge of firearms. The prosecutor claimed that the Philippine Government has jurisdiction over this case. Airman Cottee, he said, was not acting in pursuance of a specific military duty when he confiscated the films. Moreover, the area where the incident took place was controlled exclusively by the Philippine Armed Forces, the prosecutor said.

**Olongapo:** President Magsaysay himself took a hand in the matter of bases, paying a surprise visit to Olongapo, a town north of Manila, which has been the scene of previous incidents involving Filipino civilians and American military authorities. Olongapo has been under joint administration by Filipinos and the nearby American base at Subic. Right after the visit, the President verbally asked the American authorities to "de-militarise" Olongapo. The request followed agitations in Congress and the press for de-limitation of American bases here.

**Communism:** At the ceremonies in his honour, Cardinal Spellman denounced the "new Red god of Communism." Citing the fate of Hungary as an example of "Soviet savagery", the Prince of the Church said: "If today we fail to learn a lesson from the martyred millions sacrificed to Soviet trickery and violence, the whole civilized world will face the demoniac day of Communist conquest."

**Government:** President Magsaysay moved another step towards bipartisan foreign policy by appointing Liberal (Opposition) Party Congressman Eugenio Perez (House Minority Speaker) to the Council of State. Plans to give

the Opposition representation in the National Economic Council and the National Security Council are also being considered by the President. The presidential move, however, gave rise to rumours that Mr. Perez, formerly Liberal Party President and key man in the Opposition, was about to give up his party in favour of the Nacionalista (ruling) Party. Mr. Perez denied the rumours, and said "the need for unity in these troubled times" on foreign policy was the only reason for his joining the Council.

**Smuggling:** The Government was reported planning strong measures against widespread smuggling in southern Philippine waters. The campaign to counteract the increasing activity by smugglers, bent on a profitable Yuletide season, calls for a coordinated drive by all Government police agencies. Customs authorities report that smuggling in the south—done mostly through use of tiny, sleek Moro kumpits (canoe-like boats) equipped with modern outboard motors and outriggers—has become a multi-million dollar business. Major export crops including copra, sugar, hemp and lumber are being smuggled out from southern Philippine ports for barter with finished foreign luxury goods (perfumes, jade, radio sets, refrigerators, watches and jewelry) coming mostly from British North Borneo. Customs authorities—thwarted by lack of men and facilities—have been unable to cope with the kumpits laden with illegal goods, streaking in and out of hundreds of hidden bays and coves which dot the 14,400-mile Philippine coastline. Reports from Southern Philippine ports say that banned goods from Communist China are also finding their way into the country. It is reported that in many towns in Sulu (southernmost Philippine province) Communist Chinese canned goods and fresh oranges are being sold openly in stores. President Magsaysay offered customs authorities the use of Air Force planes and naval vessels to help in the anti-smuggling campaign.

## COMMERCIAL RELATIONS BETWEEN BRITAIN AND THAILAND

By I. M. Flürrell

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Britain can claim to be the first nation to engage in commerce with Thailand in the modern sense of the term. Britain was for a long time foremost in its share of that commerce, and is still one of Thailand's most important suppliers and customers. These trade relations have brought not only general direct benefits to both parties, but have been of special help to the advancement and material prosperity of Thailand. On this practical and material basis there has grown up a friendship between the two nations that has long stood unmarred by spite or voluntary quarrel.

There were commercial expeditions from England to Siam in the 17th Century, but this was little more than a preface to the first chapter, which opened in 1826. In that year the United Kingdom signed a trade treaty with Thailand, being the first European country to do so. Then in 1855 Sir John Bowring negotiated with that enlightened monarch, King Maha Mongkut, a new and comprehensive treaty which secured for British merchants a treatment in all respects equitable. In particular, it permitted British subjects the right of freedom of movement and of trade, while fixing import and export duties and reserving the right of the Government to prohibit the export of salt, rice or

fish whenever these became scarce. This was the first of a series of commercial treaties which opened a new era of general progress and prosperity in Thailand. This in its turn was made more secure by British friendship.

The last decade of the 19th Century was a peak period in the annals of British trade with Thailand. It was at this time that European firms became really interested in Thai teak, and their investments by 1895 totalled Baht 14 million, mostly from British sources. From an average yearly export of 27,000 cubic feet in 1883-87, exports of teak rose to 122,000 cubic metres in the period 1905-09, a considerable filup to one of the country's most important export products. By 1897, with British steamship lines plying between Singapore, Bangkok, Hongkong and the south China ports, British shipping had come to have three-fourths of the carrying trade with Thailand. By the end of the following decade, British and Australian tin companies, investing in dredging equipment, were beginning to push up Thailand's tin production very considerably.

Figures for B.E. 2463 (1920-21) show the United Kingdom as topmost among Thailand's suppliers at that time. In that year one-third of all Thailand's imports came



from the U.K. (quite apart from the British Territories, which contributed about another third) leaving China, the U.S.A. and Japan with less than 10% each. By B.E. 2480 (1937-38) the U.K.'s own share of Thailand's imports had fallen to 12%. Japan had risen to first place with 20% of imports into Thailand. But the British Territories as a whole (excluding the self-government Commonwealth countries) still led the field, not only supplying 30% of Thailand's imports, but buying 37% of all Thai exports compared with 3% taken by Japan.

#### Present State of Anglo-Thai Trade

The present-day picture is much the same, with the difference that the United States has come up from among the "also-rans", and is now running strongly, next to Japan's tail, with about 22% of Thailand's import trade against Japan's 25%. The U.K. still has 10%, but now lies third among Thailand's suppliers. Taken as a unit, however, the British Territories probably sell about as much to Thailand as either America or Japan, but re-exports from Singapore and Hongkong are too mixed up with original exports to allow us to make certain of this. However, the import statistics of the British Territories leave much less scope for uncertainty, and there seems no doubt that the Commonwealth is still Thailand's best customer. In 1955 it bought 2,500 million baht worth of Thai exports, or 35% of the whole, compared with 2,000 million baht worth bought by the U.S.A., and 1,300 million baht worth by Japan.

Of the 2,500 million baht worth of Thai exports sold to the U.K. and the British Territories in 1955, about 1,500 million baht worth consisted of rice; thus, last year, rice brought in £26 million exchange to Thailand. In all, Thailand probably had a balance in her favour, from commodity trade with the United Kingdom and the British Territories, of some £20 million sterling. The sterling area of convertibility is not as wide as that of the dollar at the present time; but we may once more, in the not too distant future, be able to make it a completely free currency. In the meantime, it is convertible throughout an area wide enough to enable Thailand to spend her sterling in most of the countries she needs to buy from; e.g. sterling can be used to finance purchases from the countries of Western Europe, or for the settlement of balances with Japan, besides of course being acceptable in America.

Thailand buys from the U.K.: motor vehicles and cycles and tyres; petroleum products; electrical generating machinery, small power plants, and other machinery; railway equipment; iron and steel, radio and television sets; household appliances and fittings, electric and otherwise; telephones; scientific instruments; sewing machines; cameras and films; watches and clocks; medicinal and toilet preparations; chemicals, paper, and textiles. Generally speaking, British goods—especially capital goods—are of the finest quality in the world. British exporters have always been fair judges of the requirements of the Thai market.

Occasionally one hears the complaint that British prices are in some instances too high. Where that is the case, it is usually because the quality is so much better that the article is not dearer in the end, but actually cheaper; because it lasts longer. Recently the representative of a footwear manufacturer stated that he had put in a tender for a considerable contract for boots for the Thai armed forces. He admitted that he believed other tenders would be lower, but he had to rely on the superior quality of his own firm's boot to win the prize. A sample of it had been shown to competent judges, and had been much admired; but he had been asked if it were not possible to make a cheaper edition. He had explained that in order to do so, his firm would have to buy and use materials of a quality

they had never looked at before. A boot made of such stuff simply wouldn't be their sort of product. It would therefore be impossible for them to bring themselves to make such a thing. Such a stand on principle may lose contracts in the short run, but it's sound policy in the long run. Another complaint is that the designers of British goods don't change their designs as often as some competitors. That may be so, but every time a manufacturer installs a whole set of new machinery to turn out a different shaped body for a car or a radio, that's costing a lot of extra money—and it's the customer who loses. Rather than put up the price of the product, the manufacturer will probably use cheaper materials. The result may be something that seems very flash and ultra-modern this year, but three years hence looks shoddier and more obviously out-dated than a more conservative contemporary. This is something the trade should understand and help the public to appreciate.

As regards exports in general, the British Government are trying through general, economic and financial policy to achieve this so that rather less is imported and consumed at home and more is exported. It is hoped that this will lead to an increased interest in all export markets, and Thailand should share in this. U.K. commodity exports to Thailand have been showing a slight upward trend of recent months.

#### British Services

Apart from actual manufacture, Britain provides other kinds of export in the shape of services and facilities. There is the finance that stands behind so many great enterprises, both British and foreign. There are its great insurance facilities, including the famous Lloyds, unique, unsurpassed in its flexibility and resources; there is expertise of many sorts. One of these is the Association of Consulting Engineers. This association includes among its membership experts in the different branches of engineering—civil, mechanical and electrical—and specialists in all their sub-divisions. A Consulting Engineer may be engaged simply to make a survey of a given project; or he may draw up plans for it as well; and might go on to supervise the entire construction. Consulting engineering is a profession whose services are becoming increasingly necessary and sought after in this era of growing specialisation, and even when large railway companies, dock authorities, electricity supply authorities, public works departments, etc., have their own trained engineers, the specialist knowledge of the consultant engineer is often called upon, just as a competent doctor will often call in a medical specialist. Because British engineers have had experience in all parts of the world, where the record of their achievement can be seen in dams, irrigation works and power stations, railways, bridges and harbours, large buildings and industrial plants, their experience is perhaps more diversified than that of engineers of any other country.

Another body that comprehends a wealth of practical knowledge and experience is the Export Group for the Constructional Industries. This is a group of the most outstanding British building, road-making and engineering contractors that undertake work abroad. The separate firms have formed a joint office to maintain liaison with government departments, and to keep a watch for opportunities for members of the group. There is scarcely a conceivable project that some member of the group, or several in conjunction, could not competently undertake. The group has an arrangement with the Association of Consulting Engineers for the submission of "all-in tenders", covering projects comprehensively and integrally from start to finish, which makes for greater convenience for the owners and sounder results than in cases where the original survey, the drawing-up of plans, and different parts of the



project (e.g., plant, building, and approach works) are all carried out by different organisations. Incidentally Keir and Cawder, the British engineering firm that has been supervising the construction of the Chainat Barrage, now practically completed, is a member of this Export Group. The future will see British engineers and contractors helping with other important projects in Thailand.

Two organisations which, though they function in London, also serve the foreigner: one is the London Court of Arbitration, a body formed jointly by the Corporation of London and the London Chamber of Commerce in 1892. This Court is always prepared to appoint arbitrators of the highest standing and expert knowledge to arbitrate in commercial or industrial disputes; and disputants can be confident that any issue referred to the Court will be decided with complete impartiality and the minimum delay and cost. The Court's services are available to any person or body of any nationality. The other organisation is the Design Centre, recently opened in London. Here the finest durable consumer goods produced by British industry, picked by an unofficial panel of experts, are arranged in a permanent but ever-varying display. The Centre serves a three-fold purpose: in selecting for display those products which combine high quality with the finest design. It serves industry by encouraging manufacturers to compete for the honour that selection of their product confers, and stimulates the backward ones to emulate the success of the more imaginative and progressive; it serves the public by quietly educating their appreciation of good things, while showing that they can be obtained; and last—and most important from our point of view—the Centre provides a central place where commercial visitors from abroad can see examples of a wide range of Britain's best designed products, such as radio and television sets, furniture, textiles, floor coverings, cutlery, glass, pottery, lighting and cooking equipment and other domestic appliances, office equipment, building fittings, and so on. And buyers can get straight into touch with the manufacturers of the things they see and like. Nowhere else in the world is there anything quite like the Design

Centre in its wide and varied scope, its permanence and its usefulness.

#### Thai Products

Thailand sells first of all rice. It is good that production area is being increased by irrigation schemes. This, together with the higher-yielding strains made available through experimental seed stations, gives promise of ever-increasing production of this vitally important export. An important element in the price is the export premium; if it were reduced, the British territories would want to buy even more Thai rice. Timber is another Thai product the British territories take quite a lot of. The United Kingdom bought over £1 million worth in 1955. Here the first need is to preserve the forests and keep up the quality of output, if exports are to be maintained at a good level. Britain has a traditional interest in this industry, and it is hoped British interests will be fitted into the new nationalised set-up, for it is no reflection on the Royal Forestry Department to say that the withdrawal from the Teak forestry of the technique and experience of the British firms could not but be very much to the detriment of this important export industry.

Then there is rubber. Despite the synthetics, there is still, and is likely to persist, a demand for the natural product in which Malaya has shown its faith, investing in the future through a policy of re-stocking with higher-yielding trees, in all plantations, small as well as large. Unfortunately Thai production is unlikely to show any spectacular expansion without reorganisation into larger holdings (whether through co-operatives or other means) and a measure of financial assistance.

Products not enough seen in Britain are the Thai handicrafts, especially silks and bronze ware.

It is satisfactory to note that Thai trade with the U.K. rose from £1 million a year in 1952 and 1953 to £2½ million in 1954 and 1955, and so far this year has been running at an annual rate of £3½ million—a 350% increase over 1952 in fact.

## HONGKONG NOTES AND REPORTS

**Export of HK Products:** Mr. F. W. Kendall, well-known local resident in close touch with industry and export, last week advocated that if HK is to survive as an export manufacturing centre, a system of control and standardization must be set up. He said inter alia: The ethical manufacturers have already adopted a reasonably standard product and are improving constantly on designs and controls. However, their costs are also increasing and the margin between the good and bad products widens to their detriment because they have to compete in the same markets with unethical traders. There are two classes of individuals involved in selling shoddy goods. First is the dishonest businessman with a complete lack of ethics. The second group is the smart money operator; his front business is ethical and proper while his money is invested with the first group. He works through a ramification of dummy companies and partnerships. He is a lobbyist and a puller of strings. This is the dangerous one and the most difficult to stop. Unfortunately proof is often inconclusive. In many cases proof would be conclusive if teeth were put into some local Ordinances. There is an urgent need for the tightening up of existing controls which allow culprits to escape through loop-holes. The trade associations and

chambers of commerce are doing a useful job within their limitations but most unethical businessmen are not members and cannot be controlled. In most cases there is a financial tie-in between the unethical manufacturer and trader or exporter. Many small manufacturers here are under the absolute control of unprincipled and unethical exporters. They are supplied with raw materials and financed by the exporters and must do exactly what they are told and produce goods not up to standard. They sign one-sided contracts with these exporters because bank or investment money is not available at interest rates they can afford. The answer to the problems lies in legislation because it is impossible for trade associations and chambers of commerce to set up, maintain or control standards of quality.

**Building Developments:** Government approved 839 plans covering the construction of 1,445 buildings during July-September this year. During the same period, 799 buildings costing \$32.9 million were completed. Building construction during the current quarter is active. New projects announced recently include the 12-storey Y.W.C.A. House on Bonham Road and a block of 8-storey apartment buildings consisting of 300 flats in Shauiwan. Compared with last year, building developments are getting more ambitious in size and in height but the number of new pro-



jects is less. Progress on the new buildings now under way is smooth and no investment company has failed to complete its projects in spite of the fact that a number of small companies have reorganized in order to absorb more capital to finance construction work. On the other hand, many so-called luxury apartments are so poor in construction that walls are cracking and plaster is falling soon after the buildings are completed. Workmanship is also inferior and many lockers on doors are not properly fitted. Locally made steel windows sometimes cannot be bolted properly and rooms are usually below 10' x 10'. Buildings put up by some well established real estate companies are much better in construction; rental however remains high in spite of a recent decline and there are therefore thousands of vacant flats. The redevelopment of old building sites will gather momentum after Chinese New Year because Government has postponed indefinitely the introduction of an ordinance which would have allowed further increases in rental on old buildings.

**New Ferry Service:** Hongkong and Yaumati Ferry Company will introduce a regular ferry service between HK island and Tsun Wan next year. It will take three months to build a temporary pier at the new reclamation in Tsun Wan which is an important industrial centre on the west side of Kowloon peninsula. Tsun Wan and HK Island has a ferry service before the war but it was interrupted during the Japanese occupation and the pier there, near the Caltex Installation, was demolished after the war. HK and Yaumati Ferry Company will put 4 to 5 ferries on the run after the pier is completed. The terminus in HK will be the Vehicular Ferry Pier. It will be a half-hourly service. There will be a brief stop-over at Tsing-I where passengers will board and disembark by sampans.

**Tai Lam Chung Reservoir:** Construction work will soon begin on a new section of the catchwater system of the Tai Lam Chung Reservoir project in the New Territories. The whole system of catchwater channels, made up of several separate sections of various lengths, will be approximately 30 miles long. About 8½ miles of catchwaters will be built on the hillside above Castle Peak Road stretching between the western end of Tsun Wan and Tai Lam Chung. Work on about 1½ miles of catchwater channels began last September and the construction of another 2½ miles will begin soon. This new section will be completed by June 1958 and it will be situated on the hillside about 400 feet above sea level between Sham Tseng and Ting Kau. The maximum size of this section of catchwater channels will be 14 feet wide and 7½ feet deep with a surfaced road alongside.

**New Government Building:** The existing Public Works Department offices on Lower Albert Road will be demolished early next year to make way for the third and final stage of the building project to provide permanent and centralised accommodation for Government departments. Construction work on this final section will start in February. This involves the erection of a 13-storey block fronting on Ice House Street, the 7th floor of which will be level with Lower Albert Road. The new block will extend from the existing Government Offices on Lower Albert Road to the junction of Ice House Street. It will be of six storeys on Lower Albert Road. The whole building will be air-conditioned and will be completed by the end of 1958; it will provide some 200,000 square feet of floor space. Provision has also been made for an underground car park for about 180 cars. A 60-foot high concrete retaining wall is now under construction.

**Sales of Crown Land:** During the quarter ended September 30, Government received 108 applications for the purchase of land. The sale of land at Kun Tong began on September 10 and by the end of that month, six lots

were sold and the sum realized was \$1,664,000; payments will be made in 20 equal annual instalments. In HK, one lot was sold at a premium of \$555,550 and 7 free grants were made by Government. 28 Crown Leases were renewed after expiry of the 75-year lease. 180 permits, realizing a total annual fee of \$116,900, were issued for temporary leasing of Crown Land.

**Fish Culture Industry:** Local fish ponds were short of suitable fry for stocking purposes during July-September this year. Kwangtung maintained the export ban on fry of big head, silver and grass carp. However, considerable quantities of mud carp and bream were imported from Canton. To meet the demand from Taiwan and Singapore, exporters here obtained small quantities of big head, silver and grass carp fry from Kwangsi but many orders for these 3 varieties from Bangkok, Tokyo and Manila had to be turned down because there was not enough supply. Imports of live pond fish from Canton averaged only about 300 piculs every day; locally raised pond fish therefore enjoyed very good prices during the period and about 1,100 piculs were marketed.

**Oyster Production** at the Deep Bay beds declined to 47,116 cattles in the July-September quarter as against 332,351 cattles harvested in the preceding three months. 1,140 cattles of dried oyster and 1,863 cattles of oyster sauce were produced for exports to US. 3,243 cattles of semi-dried oyster were consumed locally.

**Fires:** Loss from fires during the 12-month period ended March 1956 totalled \$2.3 million according to a Government estimate; casualties were 62 death and 210 injured. The number of serious fires was less than during the preceding year. On April 14, 1955, a 2-storey building in the squatter area in Li Cheng Uk Village was burnt down. Another fire broke out in the squatter area at Fa Hui Village in Kowloon Tsai on November 1, 1955; 428 squatter structures covering an area of about 300,000 square feet were destroyed. In Shum Shui Po, a fire broke out on Hai Tan Street on December 6 and because the building was constructed mostly of wood, the fire spread rapidly and caused 8 death and 14 injured. About a fortnight later, a fire in an old building in Shaikiwan caused more death; this building was also constructed mostly of wood. Apart from these fires, there were 25 other smaller fires in squatter areas; this figure was less than that for the previous year. There was no aircraft crash fire during the period.

**Radio Licencing:** The increase in the number of radio listeners during the past 10 years is reflected from the number of radio licences issued by Government every year:

Year	Chinese	Non-Chinese	Total
1946	4,226	145	4,371
1947	12,244	1,348	13,592
1948	21,540	2,624	24,164
1949	29,976	3,483	33,459
1950	38,858	3,510	42,368
1951	39,706	3,671	43,377
1952	37,909	3,302	41,211
1953	39,374	3,232	42,606
1954	38,735	3,015	41,750
1955	42,799	2,885	45,684
1956	50,390	3,683	54,073

The annual fee for the licence remains at \$20. Early this year, Government announced following plans to improve the service of Radio Hongkong: (1) Government will subsidize any excess of expenditure over revenue from licence fees in educational, cultural and informatory aspects of the programmes. (2) An all-day broadcasting on the Chinese transmission will be introduced. (3) The present 2-kilowatt transmitter at Hungghom will be replaced by a 10-kilowatt



transmitter situated at an altitude high enough to command full coverage of the Colony; however alternative and costly methods should be examined. (4) More specialized features will be included in the daily programmes. With the help of portable tape-recording equipment, Radio HK is now gathering material and recordings all over the Colony. Much of the improvement in programme content has been due to the increased flexibility which tape-recording affords. This facility also enables the editing of programme material much easier and more satisfactory than was possible with disc recording.

**The Chartered Bank:** On December 6, 1956, The Chartered Bank of India, Australia and China changed its name to The Chartered Bank. The Bank however will continue to issue banknotes bearing its original name for a period of 2 to 5 years. The average amount of banknotes issued by The Chartered Bank of India, Australia and China is \$49 million. Total amount of banknotes in circulation recently was \$729,761,700; \$675,742,000 issued by the Hongkong and Shanghai Banking Corporation and \$4,315,600 by the Mercantile Bank of India Limited.

**Honours Insignia:** Insignia of honours awarded in the Queen's Birthday Honours List to local residents, civil and military, for outstanding public service and devotion to duty in different fields of activity were presented to the following recipients by the Governor of HK at Government House on December 5, 1956: Sir Tsun-Nin Chau, C.B.E.—Knight Bachelor; Dr. K. C. Yeo—C.M.G.; Mr. F. E. L. Carter—

C.B.E. (Civil); Mr. F. S. Coote—O.B.E. (Civil); Mr. H. Kadoorie—O.B.E. (Civil); Mr. Shum Wai Yau—O.B.E. (Civil); Lt. Colonel J. J. Sullivan, R.A.M.C.—O.B.E. (Military); Mrs. M. Allinson—M.B.E. (Civil); Mr. J. Cater—M.B.E. (Civil); Mr. E. Greenwood—M.B.E. (Civil); Mr. O. F. Hamilton—M.B.E. (Civil); Mrs. Lee Hah Liong—M.B.E. (Civil); Mr. Penn Yuek Wing—M.B.E. (Civil); Mr. E. F. Warburton—M.B.E. (Civil); Warrant Officer, Class 1, C. A. de J. V. Ribeiro—M.B.E. (Military); Warrant Officer, Class 2, W. D. Hall, R.E.—M.B.E. (Military); Mr. Ho Chuen-Yiu—Certificate of Honour; Mr. Seaward Woo—Certificate of Honour; Sergeant Jasbahadur Rai—D.C.M.; Mr. S. Rafeek—B.E.M. (Civil); Sergeant R. W. Kinsley, R.A.—B.E.M. (Military); Sergeant So Kwok Chu—Royal Humane Society's Testimonial. Mrs. Aw Boon Haw, Hon. M. W. Turner, Mrs. P. Hogan, Mr. Cheng Kin Wai, Mr. Chan Oi and Mr. Wong Kang-sai received the insignia of the Most Venerable Order of the Hospital of St. John of Jerusalem.

**Rice Importers:** Government increased the number of authorized rice importers from 29 to 38 as from January 1, 1957. The existing 29 quota-holders will retain their basic quarterly quotas totalling 60,000 tons and the 9 new importers will be granted basic quotas amounting to 6,000 tons. The total quarterly imports will be 66,000 tons and a 10% increase will be allowed making a total of 72,600 tons. Consumption of rice in HK totalled 233,233 tons in 1955 and the figure for 1956 is estimated at 264,000 tons, an increase of over 13%.

## FINANCE & COMMERCE

### AGREEMENTS OF THE COUNTRIES OF EAST AND SOUTH-EAST ASIA WITH CHINA AND EASTERN EUROPE

Trade relations between East and South East Asia on one side and China, the U.S.S.R. and the People's Democracies on the other have been altered and developed during recent months. Trade will be carried on within more flexible limits and on a larger scale. The network of bilateral agreements covering trade between these two groups of countries is in extension. The foundations for long-term trade opening up prospects for the future have now been laid. In the space of less than one year 15 new conventions have been signed between these two groups, thus bringing the number of such trade agreements up to 42. Japan has concluded 7 of these which raises the number of her agreements with the Eastern countries to 9, against two in June 1955. Burma and India follow her with, respectively, 8 (formerly 4) and 8 (8) and then come Indonesia with 7 (7), Pakistan with 5 (5), Ceylon 4 (1) and Cambodia 1 (0).

Both in structure and scale most of these new conventions are different from former agreements. The exchanges envisaged are spread over three and five years. The reciprocal benefit of the most favoured nation clause for customs and navigation is general. Larger credits are being allocated. But the most remarkable fact is the number of agreements on cooperation or technical, economic and scientific assistance which accompany most conventions.

This year the annual quotas, decided either by the value or the quantity of goods, are much higher than those of the years preceding. The quotas under 31 of the agree-

ments included in the accompanying table will be worth \$940 million. This is almost three times the value of quotas drawn up in 7 conventions for 1954.

Apart from the 11 agreements for which no information is available, one must take into account the trade carried on with Hongkong, Malaya, Australia and New Zealand. In 1955 the value of the trade realised by the countries apart from any agreements is calculated at \$293 million.

Although still very slight, the first effects of the new agreements in force began to be felt in the results of trading in 1955. With a 20% increase the value of trade between the Eastern countries and South-East Asia rose from \$546 million to \$653 million. The first available figures for ten countries are as follows (in millions of dollars): Burma \$24 in 1955, against (\$4) in 1954, or +600%, Indonesia \$77 (\$24), +320%, India \$50 (\$23), +117%, Japan \$128 (\$72), +80%, Pakistan \$42 (\$36), +17%, Malaya and Singapore \$58 (\$50), +16%, Hongkong \$189 (\$189), Australia \$36 (\$59), -38%, Ceylon \$43 (\$80), -46%.

The first results are beginning to reflect the new orientation in the commercial policy of these countries. They have been a stabilising influence on export values in South-East Asia and have brought about an increase in outlets. This latter fact is of significance since the carrying out of the industrialisation plans now in hand in the South-

East Asian countries depend to a large extent on an increase in their foreign trade.

This is particularly true of India. One third of the finance required for her second five-year plan—or nearly eight milliard rupees (\$1,600 millions)—will have to be met by foreign aid, credits granted by supply organisations included. On this point the Eastern countries have known how to adapt themselves to the requirements of those nations which are undergoing industrialisation and to offer goods for export which fit in with the plans being carried out.

Since Mr. Mikoyan's visit to India, Indo-Soviet collaboration has been evident in various fields. The amount of trade envisaged between the two countries, which is in the order of several hundred million dollars, give ground for surmising that with a few years India could become the Eastern countries' principal trading partner in Asia—even, perhaps, in the world. Although in 1955 this trade was doubled in relation to that of 1954, it is at present still on a small scale and only accounts for 2% of India's foreign trade. The first results of the new agreements cannot be experienced before a year or two. By that time numerous obstacles, mainly of a technical nature, will have to be overcome for it is a question here of establishing a steady flow of trade which up till now has been non-existent, so to speak.

For example, to India alone the countries of Eastern Europe and the U.S.S.R. are supposed to furnish during the three years 1956—1958: 1,420,000 tons of steel and iron and metal goods, 100,000 tons of cement, more than 5,000 railway trucks, 135 locomotives, railway material, equipment for heavy industry, hydroelectrical works, mines, oil drilling and agriculture, etc. in return for mineral ores and agricultural and manufactured products.

This enormous mass of goods to be moved necessitates starting up new transport services. As a first step six Soviet and Indian ships of a total of 110,000 tons will sail regularly from Bombay and Calcutta to Novorossisk and Odessa.

In addition, to facilitate the running of this trade, the Indian Government has announced its intention of setting up a State organisation to handle commercial transactions with the Eastern countries.

These measures, which are intended to help in bringing about a new flow of trade, are in line with the statements by Mr. Krishnamachari, Indian Minister of Trade and Industry, for according to these India hopes to increase her foreign trade by 30 to 40% during her second five-year plan.

In Pakistan, after several years of hesitation, the Government is beginning to consider a resumption of trade with the East although on a small scale. An agreement with Poland was signed in February and a Soviet delegation has concluded a first trade agreement in Karachi. A Czech delegation is also expected. During 1955 trade with China made progress from \$28 million to \$40 million.

Notwithstanding considerable difficulties in transport, Burma is developing her trade with the East. In 1955 her imports from the Eastern countries accounted for 25% of all Burmese imports against 3% in 1954. During this year and the two following years Burma will deliver 850,000 tons of rice worth \$100 million in exchange for industrial plant, cement and ships. The new agreements with the U.S.S.R. cover trade up to 1960. Exchange of technical missions is on the increase. A Burmese mission is visiting steel-

works in the Soviet Union and has been authorised by the Burmese Government to invite a Soviet delegation to Rangoon which could make a study on the spot of the possibilities of setting up a steelworks similar to that built in India by the U.S.S.R. In addition, a group of Chinese technicians has arrived in Rangoon to assist Burma in developing her textile industry. Finally, the Burmese Ministers for Finance and for Trade have gone to Europe with the intention of negotiating an extension of their agreements on technical cooperation with Rumania, Czechoslovakia, but mainly with Western Germany. Burma plans to carry out oil prospecting with Rumanian assistance.

Ceylon already has important trade connections with the East but is desirous of extending them. Up till now 50% of her foreign trade has been with Commonwealth countries. Her trade with China which declined in 1955 because of the gap in her balance of trade, will be stepped up. China can fill this gap by deliveries of coal. China imports more than 50% of Ceylon's rubber production each year. The recent Sino-Singalese negotiation should result in an extension of trade between the two countries.

Indonesia has attempted in one year to triple the volume of her trade with the Eastern countries as a whole. Following in Malaya's steps, she has just resumed sales of rubber to China. It is anticipated that agreements now in force will be enlarged. Trade delegations from Czechoslovakia, Rumania, the Soviet Union and China are expected in Indonesia and offers of technical assistance and long and medium term credit will be made. The Indonesian Government has accepted the offers made by the Soviet Union and a trade agreement was concluded under which the Soviet Union would supply agricultural machinery against rubber and other raw materials.

More than anywhere else these changes in the economic relations in South-East Asia are being followed with attention. The ceiling figure reached in Sino-Japanese trade for 1955—which is put at \$110 million—can hardly be exceeded within the small confines of present exchanges between the two countries. Exports to China account for more than \$80 million of this total which is a paltry sum compared with the \$800 million average of the pre-war years. As a means of improving this trade, when the third Sino-Japanese agreement was renewed a contract was signed between the Bank of China and of Tokyo. This provides for adjustments to be made between the two countries. The establishment of trade representations, with diplomatic status, in each capital could be the starting point for a fresh extension of Sino-Japanese trade.

Cambodia has started to renew commercial relations with China. On April 29th the first agreement was signed. She has begun diplomatic relations with Czechoslovakia and it is possible that in the near future she will come to an understanding with the U.S.S.R. over an exchange of diplomatic representatives and conclusion of a trade agreement.

CONTRACTING PARTIES	Latest protocol validity & value of trade	ASIAN COUNTRIES	
		Principal	
		IMPORTS	EXPORTS
(All figures quoted are in millions of dollars)			

#### India:

China			
14. X. 1954	14.10.1954	Cereals, oils, silk,	Cereals, timber,
Trade & paymts. 2 years	2 years	paper, antimony,	fibres, textiles,
Duration 2 years	(1955—56)	graphite, ma-	skins, chemicals,
Paymts. in Rs & Turnover	1956: \$20	chines, colophane	tobacco.
in rupees			
21. VII. 1954—			
Barter			



CONTRACTING PARTIES		Latest protocol validity & value of trade	ASIAN COUNTRIES		CONTRACTING PARTIES		Latest protocol validity & value of trade	ASIAN COUNTRIES	
Date of signature, type & particulars			Principal		Date of signature, type & particulars			Principal	
			IMPORTS	EXPORTS				IMPORTS	EXPORTS
(All figures quoted are in millions of dollars)									
<b>U.S.S.R.</b>									
2. XII. 1953	23.12.1955		1,000,000 tons steel (over 3 years), drilling, mining & elect. equipment, installation of a steel works, 150 locomotives	Jute, tea, shellac, spices, wool, vegetable oils, 500 tons coffee, manufactured & textile goods, raw materials.					
Trade & payments.	2 years								
Navigation.	(#430)								
Duration 5 years	(1956-58)								
Tech. & econ. assist.	—								
Long-term cr. \$150									
Payments in rupees									
<b>Poland</b>									
3. IV. 1956	1.4.1956		300,000 tons of iron & metal goods, 80 locomotives, 2,600 rail trucks, complete plant, ships, 100,000 tons cement, textile & agricultural machinery	800,000 tons iron & manganese ores, mica, cotton, wool, skins, shellac, tea, spices, jute coffee, tobacco, films.					
Trade & payments	3 years								
Payments in rupees	(1956-80)								
Duration 4 years									
Tech. & scientific cooperation									
<b>Czechoslovakia</b>									
17. XI. 1953	20.1.1956		Hydroelectrical equipment, 40,000 tons steel (1956), mining & metal-working equipment, 2,500 rail trucks, 50 locomotives, chemicals, window glass, vehicles, tractors, m/c tools, concrete mixers, engineering goods	Iron & manganese ore, cotton, tea, mica, plastics, agricultural products, skins, tobacco, shellac, rayon & cotton textiles, carpets, sports goods.					
Trade & payments	1 year								
Payments in rupees	(1956)								
Duration 3 years	Turnover 1954: \$7.2								
(1)									
Tech. assistance									
<b>East Germany</b>									
16. X. 1954	16.10.1954		Mining equipment, textile machinery, tractors, chemicals, paper, films, m/c	Jute, cotton, wool, silk, tobacco, coffee, tea, shellac, leather.					
Trade									
<b>Hungary</b>									
17. VI. 1954	17.6.1954		2 complete installations for cable manufacture, 40 locomotives, electrical apparatus	Jute, oil seeds, skins, tobacco, tea, iron & chrome ore, cotton.					
Trade & payments	—								
Payments in \$ sterling	(1954-55)								
<b>Rumania</b>									
23. III. 1954	—3.1956		Oil drilling equipment, oil products, chemicals, railway material, agricultural m/c, corn	Jute goods, iron ore, timber, tea, coffee, spices, skins, hides, textiles.					
Trade & payments	1 year								
(in rupees), Tech. assist. (oil drilling)	(1956)								
<b>Bulgaria</b>									
16. I. 56	18.4.1956		Agricultural & woodworking m/c, electrical material, forges, presses, motors, chemicals	Iron & manganese ore, cotton, jute, leather, wool, coffee, tea, oil, tobacco, cycles.					
Trade & payments	4 years								
(in rupees), Duration 4 years	(1956-59)								
<b>Pakistan:</b>									
<b>China</b>									
14. V. 1953	11.5.1956		125,000 tons coal, 300,000 long tons coal	10,000 tons raw cotton.					
—, IV. 1956	—								
II. V. 1956	(1956-57)								
Barter	Turnover 1955: \$40								
<b>U.S.S.R.</b>									
27. VI. 1954	27.6.1956		Machines, m/c tools, industrial equipment, tractors, agricultural m/c, ball bearings, metals, chemicals, oil products	Jute, cotton, wool, skins, tea, leather, furs, articles in jute.					
Trade-5 years	5 years								
Payments in rupees	—								
MFN Cl. Perm. Soviet trade representation in Karachi	(1956-61)								
<b>Poland</b>									
5. II. 1956	5.2.1956		Gold storage installations, refiners, industrial plant, radio-electrical material, chemicals, motors, cement, sugar	Jute, cotton, wool, rice, tea, saltpetre, furs, chrome ore.					
Trade & payments	1 year								
(in \$ sterling), Duration 1 year	\$8 (1956)								
<b>Czechoslovakia</b>									
28. VI. 1952	28.6.1952		Machinery, textile equip., tractors, vehicles, glass, pottery, factories for assembling radio receivers & Czech motor-cycles	Chrome ore, 80,000 bales of jute & 28,000 of cotton (in 1952-1953).					
Trade & payments	1 year								
(Negotiations now proceeding)	\$14								
<b>Hungary</b>									
—, V. 1952	—6.1952		Machinery, cotton garments, various	Jute, cotton, skins & hides, tea.					
Trade & payments									
(in \$ sterling)									
<b>Burma:</b>									
<b>China</b>									
24. IV. 1954	30.12.1955		Steel, rolled goods, textile m/c & textiles, colophane, silk, paper, tea	150,000 tons rice (in 1956), rubber, ores, timber, cotton, oil cake, consumer goods.					
Barter between foreign trade organisations	1 year								
Duration 3 years	\$34 (1956)								
<b>U.S.S.R.</b>									
1. VII. 1955	1.4.1956		Industrial m/c & equip., steel, iron, rolled goods, cables, pumps, compressors, transformers	1,600,000 tons rice (over 4 years), oil cake, pulses, rubber, hard woods, non-ferrous metals.					
Trade & payments	1 year								
Duration 5 years	(\$87)*								
Tech. & econ. assist.	(1956-60)								
(in industry, mining & agriculture)									
<b>Poland</b>									
1. XI. 1955	1.11.1955		Mining equipment, tractors, rail trucks, ships, textiles	60,000 tons rice (in 1956), rubber, ores.					
Trade	1 year								
Duration 3 years	(\$14) (1956)								
<b>Czechoslovakia</b>									
14. II. 1955	14.2.1956		Equipment, textile m/c, dredgers, tugs, cranes, motor-cycles, eternit	100,000 tons rice, rubber, lead, wolfram, food-stuffs.					
Trade, payments & clearing	1 year								
Duration 3 years	(\$11) (1956)								
<b>East Germany</b>									
—, II. 1955	—2.1955		Industrial equipment, m/c tools, optical & scientific instruments, films	Rice (\$8.5 worth p.a.) hard woods, rubber, silver, wolfram, vegetable oils.					
Long-term trade	1 year								
	(1956)								
<b>Hungary</b>									
14. II. 1955	5.5.1956		Equipment & machinery	50 to 70,000 long tons rice (at \$39 per ton), rice products.					
Trade	1 year								
	(\$13) (1956)								
<b>Rumania</b>									
7. II. 1956	7.2.1956		Oil drilling & mining equipment, oil products, electrical material, m/c tools, tractors	20,000 tons rice p.a. agricultural products, raw cotton, minerals, timber, rubber.					
Trade-3 years	1 year								
Barter	(\$5)								
Trade rep. in Burma	(1956-58)								
<b>Bulgaria</b>									
17. V. 1956	17.5.1956		Equipment, machinery, consumer goods	20,000 tons rice.					
Barter	1 year								
	(\$4) (1956-57)								
<b>Ceylon:</b>									
<b>China</b>									
17. XII. 1952	13.10.1954		270,000 tons rice, sugar, cables, coal (\$5), ships (Polish)	50,000 tons rubber p.a. at 27 pence per pound.					
Barter	1 year								
Duration 5 years	(\$76) (1956)								
Payments in \$.	(1956)								
(negotiations in August 1956)									

**CONTRACTING PARTIES**

Date of signature, type &amp; particulars

**Latest protocol**  
 validity & value of trade
**ASIAN COUNTRIES**

Principal

**IMPORTS****EXPORTS**

(All figures quoted are in millions of dollars)

**Poland**  
 2. XII. 1955 2.12.1955  
 Trade & payments 1 year —  
 MFN clause (1956)  
 Cr: \$1.2

**Czechoslovakia**  
 16. XII. 1955 16.12.1955  
 Trade & payments 1 year \$5.6  
 MFN clause (1956)  
 Cr: \$1.4

**Rumania**  
 16. III. 1956 16.3.1956  
 Trade & payments 1 year \$5.6  
 MFN clause (1956—57)  
 Cr: \$0.280

**Bulgaria**  
 20. VI. 1956 20.6.1956  
 Trade & payments —  
 (1956—57)

**Indonesia:**

**China**  
 1. VIII. 1954 1955  
 Trade & payments 1 year \$34  
 (1955—57)

**U.S.S.R.**  
 —. VII. 1956 — Turnover  
 Trade & payments in 1955: \$57  
 (Negotiation in process).  
 Econo. & tech. assist.  
 Long-term cr. (5—6 years)

**Poland**  
 6. VIII. 1955 6.8.1955  
 Trade, payments, clearing, 9 months \$13  
 Cr: \$0.580 (1955—56)

**Czechoslovakia**  
 27. VII. 1955 7.27.1955  
 Trade, payments, 1 year clearing \$84  
 15. V. 1956 (1955—56)

Additional prot. Tech. assist.  
 Long-term cr: \$2

**East Germany**  
 —. VI. 1954 —.6.1954  
 Trade, payments, clearing & (1954—56)  
 barter  
 Long-term cr: \$13

**Hungary**  
 16. X. 1952 —.7.1954  
 Trade, payments, 1 year clearing \$12  
 1954—55

**Rumania**  
 6. VIII. 1954 6.8.1954  
 Trade & payments (1955—56)  
 Long-term cr: \$5

**Bulgaria**  
 15. XII. 1954 15.12.1954  
 Trade —  
 (1955)

Ships of 3,000 tons, rolling stock, coal, steel, cement, chemicals, plywood

Locomotives & rolling stock, cars, cycles, complete, factories, m/c, glassware, textiles

Electrical material, m/c, cement & equipment for cement factories, cisterns, paper, window glass

Sugar, flour, chemicals, window-glass, machinery

Machinery, rayon, textiles, food-stuffs, resin, paper, glass, pottery

Industrial equipment, agricultural m/c

Equipment for industry, mining & laboratories, cement, chemicals, textiles

Complete factory equipment, radio-electrical material, Diesel motors, cars, motorcycles, nails, cement, textile m/c

Office machinery, optical & precision apparatus, chemicals, a sugar refinery

Industrial & agricultural machinery, cycles, textiles, chemicals

Oil-drilling equipment, various goods, a cement factory

Electrical material, textiles

Rubber, copra, graphite, fibres, coconuts, spices, tea.

Graphite, rubber, copra, coconuts, coconut fibres, teas, spices.

Rubber, graphite, cocoa beans, coconut fibre, pulses.

Tea, spices, coconuts, rubber, graphite.

Rubber, tin, oil, palm oil, coffee, sugar, timber.

Rubber, raw materials.

Rubber, tin, copra, coffee, pepper, sisal, cocoa.

18,000 tons rubber, 500 tons tin, pearls, tobacco, mother of pearl, tapioca, maize, palm oil, coffee.

Rubber, tin, gum, quinine, coffee.

Tin, rubber, skins, vegetable oils, coffee, cocoa, tea.

Rubber, tin, copra, tea, coffee, skins, quinine.

Various products currently for export.

**CONTRACTING PARTIES**

Date of signature, type &amp; particulars

**Latest protocol**  
 validity & value of trade
**ASIAN COUNTRIES**

Principal

**IMPORTS****EXPORTS**

(All figures quoted are in millions of dollars)

**Cambodia:**

**China**  
 29. IV. 1956 15.6.1956  
 Trade, payments, clearing, 1 year \$28  
 Economic aid \$22.4 (for indus. equip.)  
 Tech. assist.  
 Cr: \$2.8

**Japan:**

**China**  
 4. V. 1956 4.5.1956  
 3rd agreement between National Committee for Dev. of Int. Trade —. XI. 1955  
 Barter — agreement on fisheries

**North Korea**  
 1955 — barter 26.2.1956  
 26. II. 1956 1 year \$14  
 Barter between Japanese Committee for Dev. of Int. Trade & Korean enterprises

**North Viet-Nam**  
 —. V. 1956 —.6.1956  
 Barter between JAPIT/Vietnamese trade organisations 1 year \$8.4  
 (1956—57)

**U.S.S.R.**  
 25. V. 1955 25.5.1956  
 Barter \$8.8  
 7. VI. 1956 \$2.8  
 Trade agreement between Japanese & Soviet co-operatives (1954—56)

**Czechoslovakia**  
 —. XI. 1955 —.9.1956  
 Tripartite agreement with North Viet-Nam (1955—57)  
 Turnover 1955: \$4.5

**East Germany**  
 7. IX. 1955 7.9.1955  
 Barter between Japanese Trade Association & DIA 1 year \$12.8  
 (1955—56)

**Hungary**  
 —. IX. 1955 —.12.1955  
 Barter & agreement between (1956—57)  
 hanks  
 —. XII. 1955  
 Tripartite barter agreement

**Rumania**  
 —. II. 1956 —.2.1956  
 Trade — agreement between Tokyo Trading Co. & Romino-export 1 year \$2.8  
 (1956)

**Bulgaria**  
 —. XII. 1955 —.12.1955  
 Private barter —  
 (1956)

Machinery, construction & electrical material, industrial raw materials, food-stuffs.

400,000 tons coal, 50,000 tons iron ore, castings, timber, salt, soya beans, rice, talc, antimony, asbestos, resin, tobacco, silk, textiles

Magnetic iron ore, anthracite, magnesite, graphite, minerals, silica, agricultural & fish products

Iron, manganese & chrome ores, antimony, anthracite, oils & fats, mica, asbestos, timber, tin

140,000 tons coal, chrome, manganese, platinum, oil, antimony, timber

Coal (from North Viet-Nam), m/c tools, motorcycles, glassware, hops, soya beans, maize

Machinery, chemicals, precision instruments, 45,000 tons chlorate of potash

10,000 tons rice (Italian). (In exchange for rice Italy imports barley, pulses & smoked meat from Hungary)

Oil & oil products, m/c, wooden wares, agricultural products, salt

Ores, agricultural products

Rice, rubber, agricultural products.

10,000 tons galvanised sheets, steel bars & plates, generators, electrical equipment, railway material, dyes, vehicles, textile m/c, precision apparatus, tubes.

Electrical material, textile m/c, optical & measuring instruments, cables, paper, iron.

Iron & metal goods, non-ferrous metals, m/c tools, electrical material, coal tar, typewriters, cement, paper.

Copper wire, cables, textiles, silk, ships (& ship repair work).

Cargo boats.

Roller products, textiles, agricultural & fish products, iron wares, cotton yarn.

Oxide of titanium, ball bearings, wool yarn.

Copper wire, ball bearings, textiles, non-ferrous metals, chemicals, agricultural products.

Metal goods, textiles.

(I) Renewal by tacit agreement. — NOTE: Cr = swing credit. MFN clause = Most Favoured Nation Clause — \* Estimated value.



# HONGKONG EXCHANGE MARKETS

December 17th to 22nd 1956

Dec.	U.S.\$		Notes High	Notes Low
	T.T. High	T.T. Low		
17	\$617½	616	615½	612½
18	614½	613½	612½	609½
19	615	614	612½	610
20	615½	612½	612½	612
21	621	620	619	617
22	621	619½	618½	615½

D.D. rates: High 619 Low 611½.

Trading totals: T.T. US\$3,690,000; Notes cash US\$540,000, forward US\$3,420,000; D.D. US\$640,000. The market was rather erratic and rates fluctuated in sympathy with cross rates in New York. In the T.T. sector, funds from Japan, Korea, and the Philippines were absorbed by local merchants. In the Notes market, speculative activity declined while shippers bought heavily. Interest favoured sellers and aggregated HK\$3.80 per US\$1,000. Speculative positions averaged US\$3½ million per day. In the D.D. sector, overseas Chinese remittance began to increase.

**Far Eastern Exchange:** Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.76—1.73, Japan 0.0153—0.015075, Malaya 1.875—1.8725, South Vietnam 0.0606—0.06, Thailand 0.284—0.2832. Sales: Pesos 390,000, Yen 187 million, Malayan \$340,000, Piastre 17 million, and Baht 4 million.

**Agreed Merchant T.T. rates:** Selling and buying per foreign currency unit in HK\$: England 16.202—15.867, Australia 13.016—12.757, New Zealand 16.202—16.10, United States 5.839—5.755, Canada 6.0836—5.9925, India 1.216—1.205, Pakistan 1.218—1.204, Ceylon 1.219—1.207, Burma 1.216—1.205, Malaya 1.898—1.88. Selling per foreign currency unit in HK\$: South Africa 16.236, Switzerland 1.3289, Belgium 0.11655, West Germany 1.3889.

**Chinese Exchange:** People's Bank Yuan notes quoted HK\$1.50—1.45 per Yuan. Taiwan Bank Dollar notes quoted, HK\$166—165 per thousand dollars, and remittance 157—155.

**Bank Notes:** Highest and lowest rates per foreign currency unit in HK\$: England 16.10—16.05, Australia 12.70, New Zealand 14.70—14.65, Egypt 11.00, East Africa 15.20, South Africa 16.00, India 1.185—1.183, Pakistan 0.89—0.88, Ceylon 0.98, Burma 0.49, Malaya 1.848—1.845, Canada 6.38—6.34, Cuba 5.20, Philippines 1.83—1.815, Switzerland 1.41, West Germany 1.41, Italy 0.00925, France 0.015—0.0148, South Vietnam 0.0605—0.057, Laos 0.06—0.059, Cambodia 0.0825—0.08, North Borneo 1.60, Indonesia 0.19—0.187, Thailand 0.276—0.274, Macau 0.995, Japan 0.0156—0.01495.

## GOLD MARKET

Dec.	High .945	Low .945	Macau .99
17	\$268½	265½	
18	265½	264	Low 274½
19	265½	264	
20	265½	265½	
21	267½	266½	273½ High
22	267½	266½	

The opening and closing prices were 266½ and 266½, and the highest and lowest 267½ and 264. The market followed the trend of US\$ exchange rates, and speculative buying was comparatively quiet. Interest favoured sellers and aggregated HK\$2.59 per 10 taels of .945 fine. Tradings averaged 9,500 taels per day and amounted to 57,000 taels for the week, in which 17,250 taels were actual deliveries (2,050 taels listed and 15,200 taels arranged). Imports were all from Macau and amounted to 11,000 taels, and 32,000 fine ounces arrived there during the week. Exports totalled 9,500 taels (5,000 taels to Singapore, 3,000 taels to Indonesia, and 1,500 taels to Rangoon). Differences paid for local and Macau .99 fine were HK\$13.00 and 12.00 respectively per tael of .945 fine. Cross rates were US\$37.69—37.67 and cif Macau price was 37.70. US double eagle old and new coins quoted HK\$278—276 and 235—234 respectively per coin and Mexican gold coins 286—284 per coin.

**Silver Market:** 500 taels of Bar Silver were traded at HK\$5.90 per tael; 1,000 dollar coins at HK\$3.80—3.78 per coin; and 1,000 twenty cent coins at HK\$2.90 per five coins.

## HONGKONG SHARE MARKET

December 10—14, 1956

The rising trend of the first week in December was maintained during the first two days; prices of most shares

were firm but a few counters eased slightly under small scale profit-taking. Beginning Wednesday trading slowed down; prices for most shares declined but drops were slight. Nanyangs gained 10c on the week after the Company had announced an interim dividend of 40c which is 10c more than that for the previous year. HK Banks recovered from 1560 to 1590 in sympathy with the improvement of London register shares but Union Ins lost \$7.50.

Messrs. A. R. Burkill & Sons (Hongkong) Ltd., the General Managers of Amalgamated Rubber Estates Limited, announced that the output from the Estates for November 1956 amounted to 641,958 lbs.

**Monday:** Price movements were few and small. Business amounted to \$1.04 million. **Tuesday:** The market ruled steady during the morning session but some counters yielded slight ground in the afternoon. The turnover amounted to \$370,000. **Wednesday:** The market lacked buyers. Business was reduced to \$65,000. **Thursday:** The market remained quiet. Apart from H.K. Banks which were marked up in sympathy with the London Register, prices generally showed little change. The turnover amounted to \$613,000. **Friday:** Price movements either way were negligible and trading was on a light scale with the turnover amounting to \$388,000.

\* \* \*

December 17—21, 1956

Buying slowed down with the approach of the holidays. Prices for Lands, Hotels, Trams, Lights, Electrics and Cements registered further losses during the week but drops were very slight because there was no selling pressure. On the other hand, HK Banks retained the gain of \$30 while Docks jumped from 45 to 48, Wheelocks improved by 5c/10c and Nanyangs 20c higher. Docks made impressive advance because the Company is going to pay a bonus of \$5 per share in the New Year.

**Monday:** The market lacked interest and amounted to \$475,000. **Tuesday:** In a day of moderate trading, price movements were few and small. The turnover amounted to \$680,000. **Wednesday:** The market was again on the quiet-side

Shares	Dec. 7	Market Quotations (Dec. 10-21)			Ups or Downs
		Highest	Lowest	Closing	
HK Bank	1560	1590	1560	1590	\$30
Union Ins	962.50 s	955	950	955 n	—\$7.50
Wheelock (n)	6.55 b	6.65	6.50	6.60	+ 5¢
Wheelock (o)	7	7.10	6.90	7.10	+10¢
HK Wharf	91.50 b	92 s	90 b	90.50 b	—\$1
HK Dock	45	48	45	48	+ \$3
Provident	13.80 s	13.80	13.50	13.80 s	steady
Land	62	61.50	61	61	—\$1
Realty	1.40 s	1.40 s	1.375	1.40 s	steady
Hotel	15.10	15.10	14.80	14.90	—20¢
Tram	23.50	23.50	23.10	23.10	—40¢
Star Ferry	141 s	141 s	140 n	140 s	—\$1
Yau-mat	105	104	101	102	—\$3
Light	24	23.90	23.40	23.50	—50¢
Electric	32	32.25	31.50	31.50	—60¢
Telephone (o)	24.80	24.80	24.50	24.80 s	steady
Telephone (n)	23.80	23.90	23.50	23.70	—10¢
Cement	38.50	38.50	37.75	37.75	—75¢
Dairy Farm	15.20	15.30	15.10	15.30 s	steady
Watson	13.40 t	13.50	13.20	13.40 n	steady
Yangtze	5.85	5.90 b	5.70	5.90 n	steady
Allied Invest	5.10 s	5.05 s	4.95 n	4.95 n	steady
HK & FE Invest	10 n	9.40	9.30 b	9.30 b	—70¢
Amal Rubber	1.575	1.575	1.50	1.525	— 5¢
Textile	4.35 b	4.40	4.325 b	4.40 n	steady
Nanyang	7.80	XD 7.20 s	7.40	XD 7.20 s	+30¢

but rates held well. The turnover amounted to \$372,000. **Thursday:** Business continued on a light scale with only a few minor fluctuations in prices. The turnover amounted to \$520,000. **Friday:** With little to aid sentiment on the approach of the Christmas holidays, extremely dull conditions prevailed. Prices edged fractionally lower. The turnover amounted to \$466,000.

## SINGAPORE SHARE MARKET

December 1—7, 1956

Malayan markets had a quiet week and a considerably reduced volume of business. With few exceptions, Industrials were firm, Tins eased on selling pressure whilst Rubbers, in many cases, were higher.

In the Industrial Section, the Straits Times 25% final to make a 5% increase in the total for the year at 35%, caused a jump from \$3.00 to \$3.15 cd. Wearnes fell off to \$3.25 cd. after the market absorbed the news that the distribution for the year would not be more than 30%. At the same time the Company has departed from its usual practice by proposing an interim of 5% payable simultaneously. United Engineers continued their upward trend, closing buyers \$9.70. Straits Traders were in demand at \$25½, Singapore Cold Storage improved to \$1.52½ xd. buyers and Malayan Collieries to \$1.05 buyers. Jacks were wanted at \$3.00, Hume Industries at A.5/10½ and Robinsons at \$1.65.

In dollar Tins, Kuchai were taken to \$2.90 by up-country buying and Lingui Tin also were better with buyers at \$2.60. Sungei Way cum the 2 for 1 issue fell off to \$4.02½ and Klang River came back to \$1.22½ due to the absence of any liquidation news.

The proposed merger of three companies in the Anglo-Oriental group led

to a spate of business in the shares of the Companies involved. Berjuntai Tin by issuing new shares is to acquire Rawang Concessions and Rawang Tinfields. Berjuntai cum a 2/- dividend will make a one for one issue. Holders of Rawang Concessions will receive a 10/- capital return and five new Berjuntai shares for every two shares held. Holders of Rawang Tin Fields will receive 1/- dividend, a 3/6 capital return and one new Berjuntai share for every two shares held. On the announcement the prices of the three appreciated, but later profit-taking led to all closing below best.

Kuala Kampar fell off to 36/- xd. and Lower Perak, on a rumour that one of the dredges had a broken bucket, came back to 15/9 xd. Pungah were in demand at 8/1½ and Tongkah Harbour at 11/14.

Idris Hydraulic with a large capital return approaching jumped from 10/10½ to 12/3. From London were taken Ayer Hitam at 23/9, London Tin at 10/- and Kamunting Tin at 9/6 all including stamp.

In the Rubber Section, there was good demand for the following counters:—Amalgamated Malay, Batu Lintang, Bukit Kepong, Jeram Kuantan, Kempas, Kuala Sidim and Mentakab. Teluk Anson improved to \$2.80 although there has been no indication of any new bid for the estate. New Serendah fell to \$2.10.

December 8—14, 1956

After some initial easing both Industrials and Tins closed firm. Rubbers were quieter with interest confined to a few counters.

Fraser & Neave Ords. improved to \$2.25 buyers, Straits Times had good demand around \$3 ex and Straits

Traders closing with buyers at \$26.35, showed a gain of \$1.00. With few shares on offer, United Engineers climbed to \$10. Gammons, Hammers, Malayan Cement, Malayan Collieries and Metal Box all showed small declines. Wearnes down to \$2.95 ex.

Kuchai Tin continued firm around \$2.90 and Lingui Tin had takers at \$2.70. Petalings and Rantau had buyers at \$3.35 and \$1.67 respectively. Sungei Way were in demand at \$1.30 ex the 2 for 1 issue and the 20% final.

The three Anglo-Oriental companies involved in a merger—Berjuntai, Rawang Concessions, and Rawang Tins, were all easier. Austral Amalgamated at 20/-, Lower Perak at 16/6, Kuala Kampar at 36/-, and Pungah at 8/3 were all wanted.

Despite a crop of interim dividends, London registered Tin shares were generally easier. Ayer Hitam and Kamunting were taken from London whilst Puket and Malayan Tin had local exchanges.

With a firm bid made for the Telok Anson Estate, the shares jumped to \$3.15, but closed with widespread sellers. However, holders may not have to wait very long for complete payment, as on acceptance of the terms by shareholders at an Extraordinary General Meeting to be held on 21st December, 1956, the purchasers will deposit 10% of the purchase price and complete payment not later than four months from that date. Tapah after business down to \$2.60 closed buyers at \$2.65. Jimah Rubber jumped from \$1.30 to \$1.40 and Connemara moved up to \$1.27 buyers.

Both taxable and tax free local loans had a better turnover.

Australia supplied Ampol Petroleum up to A. 12/3 and Western Titanium at A. 8/-.

## HONGKONG'S TRADE FOR NOVEMBER AND FOR JANUARY-NOVEMBER, 1956

Exports during November totalled \$265.8 million, an increase of \$20.6 m compared with that for the corresponding month in 1955; imports at \$386.6 m were higher by \$45.4 m. Exports during the period January to November 1956 amounted to \$2,913.1 m, an increase of 27.3 per cent over the corresponding period in 1955. Imports rose by 24.0 per cent to a total value of \$4,177.6 m. Comparing the trade figures for the first eleven months of 1956 and 1955 the Director of Commerce and Industry pointed out the following important changes: Indonesia remained the principal customer of HK and increased her purchases by \$301.3 m. Marked increases in exports were recorded for Japan, Thailand and U.K., up by \$145.4 m, \$137.6 m and \$42.9 m respectively. Exports to South Korea dropped by \$60.3 m, and to China, by \$48.9 m. Imports from Japan and China increased by \$273.9 m and \$132.9 m respectively, but imports from India were reduced by \$27.8 m, and from Macao, by \$13.7 m. Among the items shipped via Hong-

kong on Through Bills of Lading were 77 kilograms of tungsten wire from Sweden to China and 5,323 lbs. of borax from U.S. to India.

**Export of Hongkong Products:** Hongkong products exported during November totalled \$63.7 m, a decrease of \$1.4 m compared with the corresponding month last year. Comparison of the totals for the January to November period for 1956 and 1955 showed an increase in 1956 of \$48.1 m or 7.2 per cent. U.K. remained the Colony's best customer so far this year with purchases totalling \$147.2 m during the period January to November. Indonesia was second, with Malaya third on the list. Principal manufactures exported were cotton piece goods, cotton yarn, cotton singlets, enamelware, footwear, shirts and electric torches.

**Certificates of Origin:** Certificates of Origin of all kinds and Imperial Preference Certificates issued during the month reached a total of 19,048 and covered goods to the declared value of HK\$66,231,991.



## IMPORTS, BY COUNTRIES

Country	November, 1956 HK\$	Jan./Nov. 1956 HK\$	Jan./Nov. 1955 HK\$	Country	November, 1956 HK\$	Jan./Nov. 1956 HK\$	Jan./Nov. 1955 HK\$
<b>Merchandise</b>							
Africa, Central (British) .....	559,841	3,918,212	1,397,407	Germany (Western) ....	8,927,423	110,580,883	118,101,689
Africa, East (British) .....	7,336,949	51,366,893	39,511,095	India .....	2,297,993	47,490,595	75,256,216
Africa, South ..	4,533,967	27,715,312	24,422,777	Indonesia .....	10,464,235	51,588,299	27,863,260
African Countries, Other ..	61,625	1,793,363	6,519,716	Italy .....	4,174,198	39,699,719	33,198,358
America, Central .....	3,800	2,134,077	12,986,809	Japan .....	49,986,994	746,563,595	472,632,797
America, South (excluding Argentina and Brazil) ..	—	1,070,237	223,837	Korea, South ..	124,590	11,735,023	9,146,555
Argentina .....	5,936	2,160,451	4,288,228	Macao .....	4,028,475	36,563,779	50,312,272
Asian Countries, Central ..	—	7,100	1,155,390	Malaya .....	7,968,144	142,420,475	140,946,964
Australia .....	13,639,610	88,607,641	72,824,935	Middle and Near East Countries ..	2,874,028	49,821,277	24,378,685
Austria .....	729,540	15,646,294	11,389,791	Netherlands .....	7,444,466	73,883,294	57,905,993
Belgium .....	9,966,273	101,024,928	89,753,265	New Zealand ..	439,931	2,369,096	1,732,498
Borneo, North ..	2,939,426	36,634,229	37,684,730	Norway .....	682,391	4,297,953	5,504,495
Brazil .....	1,759,263	53,711,170	14,636,399	Oceania, British ..	305,600	6,699,962	1,019,816
British Commonwealth, Other ..	83,737	840,583	386,842	Oceania, United States ..	128,109	315,595	1,029,771
Burma .....	2,752,888	33,171,284	31,013,303	Oceania, n.e.s. ..	57,801	543,699	155,863
Cambodia, Laos & Vietnam ..	7,502,160	61,041,832	25,596,128	Pakistan .....	4,535,618	94,270,874	50,335,585
Canada .....	3,676,391	42,784,943	42,562,696	Philippines .....	3,451,973	32,912,196	7,389,819
Ceylon .....	301,325	3,607,069	4,696,285	Sweden .....	2,247,606	18,200,456	18,781,458
China .....	91,452,110	932,058,613	799,184,642	Switzerland ..	12,740,136	117,663,901	89,317,453
Denmark .....	475,605	5,459,728	5,630,608	Thailand .....	11,394,677	170,485,710	168,690,026
Egypt .....	—	6,086,347	2,011,802	Turkey .....	—	3,076,871	2,450
Europe, Eastern ..	783,286	11,719,128	10,440,701	United Kingdom ..	54,353,114	476,627,274	402,550,981
European Countries, Other ..	458,299	4,515,510	4,778,908	U.S.A. .....	43,923,743	376,171,131	300,760,715
Finland .....	203,091	2,296,938	3,483,312	U.S.S.R. .....	—	2,840,216	2,188,264
Formosa .....	2,704,269	45,539,427	36,461,309	West Indies, British ..	—	194,546	195,695
France .....	2,157,486	25,571,207	26,534,107	Total Merchandise ..	386,637,622	4,177,556,935	3,368,972,700
				Total gold and specie ..	39,936,960	454,716,356	364,362,957
				Grand Total ..	426,574,582	4,632,273,291	3,733,335,657

## EXPORTS, BY COUNTRIES

Country	November, 1956 HK\$	Jan./Nov. 1956 HK\$	Jan./Nov. 1955 HK\$	Country	November, 1956 HK\$	Jan./Nov. 1956 HK\$	Jan./Nov. 1955 HK\$
<b>Merchandise</b>							
Africa, Central (British) .....	1,294,836	13,000,650	15,176,942	Brazil .....	22,207	409,509	156,004
Africa, East (British) .....	3,493,786	29,998,253	34,460,776	British Commonwealth, Other ..	1,496,665	20,560,986	23,869,609
Africa, South ..	2,493,916	26,045,029	22,396,021	Burma .....	3,003,083	24,201,583	24,071,358
Africa, West (British) .....	5,697,816	59,006,065	49,157,607	Cambodia, Laos & Vietnam ..	7,495,429	128,707,748	107,184,362
African Countries, Other ..	5,153,584	51,806,752	51,401,087	Canada .....	2,393,069	27,262,053	26,688,157
America, Central ..	3,821,185	27,967,750	19,395,035	Ceylon .....	1,244,928	13,882,639	12,129,823
America, South (excluding Argentina and Brazil) ..	2,076,764	20,528,122	17,613,944	China .....	14,953,446	118,756,017	167,664,438
Argentina .....	70,541	452,354	308,010	Denmark .....	686,526	4,733,982	5,513,363
Asian Countries, Central ..	37,928	3,049,036	841,104	Egypt .....	—	2,128,372	2,992,922
Australia .....	4,624,251	51,907,729	49,202,316	European Countries, Other ..	67,907	1,918,403	1,697,643
Austria .....	—	54,078	54,195	Finland .....	161,170	732,537	13,732
Belgium .....	1,153,917	10,430,282	9,140,868	Formosa .....	3,603,290	42,602,162	32,809,651
Borneo, North ..	4,117,236	44,081,000	26,006,864	France .....	1,562,453	19,727,081	17,163,785
				Germany (Western) ....	2,288,383	34,686,429	29,933,696
				India .....	1,847,292	19,817,431	19,617,513
				Indonesia .....	18,711,758	459,229,578	157,930,565
				Italy .....	712,666	8,687,733	6,062,697
				Japan .....	41,673,574	276,771,752	131,409,926



Country	November, 1956 HK\$	Jan./Nov. 1956 HK\$	Jan./Nov. 1955 HK\$	Country	November, 1956 HK\$	Jan./Nov. 1956 HK\$	Jan./Nov. 1955 HK\$
Korea, South ..	11,212,216	116,995,256	177,293,098	Switzerland ....	244,623	3,363,360	3,756,578
Macao .....	5,126,686	51,735,443	52,625,129	Thailand .....	26,733,388	298,018,742	160,397,847
Malaya .....	29,324,138	334,022,112	345,311,734	Turkey .....	20,839	83,508	306,712
Middle and Near East				United Kingdom ..	26,112,807	270,495,329	227,567,737
Countries .....	2,141,261	30,784,459	25,559,224	U.S.A. ....	13,516,219	104,539,106	79,268,136
Netherlands ....	1,402,156	22,308,987	17,830,741	West Indies, British .....	1,939,032	18,539,303	18,155,481
New Zealand ..	1,204,942	14,497,495	14,577,413				
Norway .....	299,207	5,761,831	3,773,003	Total Mer- chandise ..	265,837,837	2,913,061,300	2,288,240,921
Oceania, British	407,825	6,693,214	5,271,808	Total gold and specie ..	58,320,410	480,824,298	350,121,340
Oceania, United							
States .....	2,631,016	28,593,661	27,579,301	Grand Total	324,158,247	3,393,885,598	2,638,362,261
Oceania, n.e.s.	984,758	9,634,490	7,848,126				
Pakistan .....	282,303	4,906,832	4,525,144				
Philippines ..	5,203,021	43,384,624	49,291,092				
Sweden .....	591,794	5,560,453	5,238,604				

### IMPORTS, BY DIVISIONS

Division	November, 1956 HK\$	Jan./Nov., 1956 HK\$	Jan./Nov., 1955 HK\$
Live animals .....	9,559,295	148,085,363	167,069,188
Meat and meat preparations .....	6,776,474	38,039,753	27,304,019
Dairy products .....	6,045,529	79,448,961	70,947,250
Fish and fish preparations .....	7,634,051	75,736,479	66,403,451
Cereals .....	22,150,026	254,988,130	226,770,861
Fruits and vegetables .....	17,298,160	177,931,372	182,875,788
Sugar and sugar preparations .....	9,840,404	77,906,007	61,420,295
Coffee, tea, cocoa and spices .....	5,078,939	45,918,142	50,772,880
Feeding stuffs for animals .....	479,884	7,824,994	2,895,780
Miscellaneous food preparations .....	3,084,466	29,326,587	22,439,032
Beverages .....	2,762,727	25,285,668	22,534,819
Tobacco and tobacco manufactures .....	5,280,501	53,939,894	50,849,922
Hides, skins and furs, undressed .....	1,311,813	13,560,521	9,228,828
Oil seeds and oil nuts .....	1,622,778	37,355,245	46,478,443
Crude rubber, including synthetic .....	1,272,255	19,344,968	20,975,442
Wood, lumber and cork .....	5,984,165	62,373,459	59,763,570
Pulp and waste paper .....	266,706	2,576,255	3,578,770
Textile fibres and waste .....	25,370,317	284,551,428	208,278,555
Crude fertilizers and minerals .....	648,436	7,711,628	8,513,180
Ores and metal scrap .....	2,748,216	13,730,172	9,278,666
Animal and vegetable crude materials .....	15,125,335	161,704,426	137,104,526
Mineral fuels .....	17,301,609	190,412,778	129,524,228
Animal and vegetable oils .....	6,466,943	73,374,184	50,682,678
Chemical elements and compounds .....	3,228,778	38,315,733	48,210,355
Mineral tar and crude chemicals .....	40,753	1,292,308	321,330
Dyeing, tanning and colouring materials .....	3,175,090	36,752,757	79,170,522
Medicinal and pharmaceutical products .....	8,883,370	50,668,256	43,453,958
Perfumes and cleansing preparations .....	3,876,919	41,951,885	38,828,363
Fertilizers, manufactured .....	1,100,571	36,827,836	53,723,702
Explosives and chemicals .....	4,156,230	52,509,819	42,445,894
Leather, leather goods and furs .....	1,706,419	18,717,011	17,122,080
Rubber manufactures .....	949,195	16,821,565	8,849,487
Wood and cork manufactures .....	1,016,582	10,053,536	9,902,911
Paper, paperboard and manufactures .....	9,938,759	106,877,065	109,631,412
Textile yarn, fabrics and made-up articles .....	69,862,874	848,729,796	594,930,240
Non-metallic mineral manufactures .....	8,175,990	84,518,511	58,482,231
Silver, platinum, gems and jewellery .....	11,527,740	87,822,975	62,982,581
Base metals .....	23,789,277	241,168,689	109,970,114
Manufactures of metals .....	4,721,827	56,077,175	39,850,057
Machinery other than electric .....	9,342,994	114,773,575	73,668,741
Electric machinery and appliances .....	7,899,338	76,334,759	50,777,793
Transport equipment .....	6,324,032	77,763,773	65,127,385
Prefabricated buildings; plumbing, heating & lighting fittings .....	1,084,380	12,837,467	9,149,143
Furniture and fixtures .....	271,706	3,370,504	2,778,427
Travel goods .....	224,108	2,208,322	1,883,184
Clothing .....	4,976,065	38,960,047	30,788,486
Footwear .....	358,904	3,844,530	2,729,263
Scientific instruments; photographic and optical goods; watches and clocks .....	16,464,901	147,177,038	101,785,049



Division	November, 1956 HK\$	Jan./Nov., 1956 HK\$	Jan./Nov., 1955 HK\$
Miscellaneous manufactured articles	9,376,528	89,808,670	76,369,017
Live animals, not for food	55,263	246,919	350,804
Total Merchandise	386,637,622	4,177,556,935	3,368,972,700
Total gold and specie	39,936,960	454,716,356	364,362,957
Grand Total	426,574,582	4,632,273,291	3,733,335,657

## EXPORTS, BY DIVISIONS

Division	November, 1956 HK\$	Jan./Nov., 1956 HK\$	Jan./Nov., 1955 HK\$
Live animals	52,460	279,480	274,919
Meat and meat preparations	1,091,341	7,748,817	8,346,789
Dairy products	1,288,350	15,147,936	11,743,126
Fish and fish preparations	2,754,322	23,458,740	19,322,979
Cereals	5,110,159	46,655,429	33,635,658
Fruits and vegetables	10,439,186	104,050,476	111,155,898
Sugar and sugar preparations	3,811,544	38,241,625	35,029,186
Coffee, tea, cocoa and spices	2,320,378	25,337,473	29,204,731
Feeding stuffs for animals	134,504	2,488,042	541,979
Miscellaneous food preparations	3,197,637	29,083,001	25,112,809
Beverages	979,824	11,261,248	9,290,366
Tobacco and tobacco manufactures	482,700	7,087,152	7,310,049
Hides, skins and furs, undressed	1,584,286	14,897,513	8,066,592
Oil seeds and oil nuts	1,288,590	38,232,427	33,755,867
Crude rubber, including synthetic	30,101	367,010	104,338
Wood, lumber and cork	735,238	7,780,868	7,069,690
Pulp and waste paper	58,945	1,594,407	2,907,304
Textile fibres and waste	13,395,085	84,856,516	38,674,931
Crude fertilizers and minerals	279,525	3,974,220	4,028,552
Ores and metal scrap	9,091,450	58,834,271	28,295,364
Animal and vegetable crude materials	10,692,943	134,001,022	123,609,126
Mineral fuels	3,547,992	24,129,281	3,139,665
Animal and vegetable oils	2,882,535	33,438,489	21,682,975
Chemical elements and compounds	1,180,428	13,547,758	26,227,683
Mineral tar and crude chemicals	270	697,086	19,927
Dyeing, tanning and colouring materials	3,985,601	47,379,386	72,482,704
Medicinal and pharmaceutical products	7,589,567	47,548,621	49,283,925
Perfumes and cleansing preparations	1,962,576	23,462,476	27,288,060
Fertilizers, manufactured	1,405,954	36,727,672	51,550,862
Explosives and chemicals	1,636,028	17,825,115	17,669,489
Leather, leather goods and furs	172,075	2,421,501	2,333,049
Rubber manufactures	253,555	10,216,788	3,735,437
Wood and cork manufactures	253,623	3,654,097	3,644,137
Paper, paperboard and manufactures	6,037,093	66,128,504	61,883,280
Textile yarn, fabrics and made-up articles	58,708,694	755,581,114	544,099,526
Non-metallic mineral manufactures	3,505,269	48,213,506	28,851,891
Silver, platinum, gems and jewellery	2,100,035	30,695,790	26,944,067
Base metals	10,145,941	105,607,556	21,164,734
Manufactures of metals	11,777,037	123,262,497	92,077,057
Machinery other than electric	2,849,331	47,122,319	30,541,183
Electric machinery and appliances	2,733,226	34,455,131	24,622,798
Transport equipment	3,181,225	30,759,016	16,067,042
Prefabricated buildings; plumbing, heating & lighting fittings	6,219,608	72,577,482	63,861,624
Furniture and fixtures	3,378,391	30,660,602	28,173,587
Travel goods	1,406,311	16,176,983	12,672,350
Clothing	35,315,094	369,233,531	299,370,664
Footwear	6,075,634	75,746,874	72,073,691
Scientific instruments; photographic and optical goods; watches and clocks	4,173,096	38,585,099	26,089,806
Miscellaneous manufactured articles	14,473,793	149,301,006	121,875,226
Live animals, not for food	69,293	528,347	334,229
Total Merchandise	265,837,837	2,913,061,300	2,288,240,921
Total gold and specie	58,320,410	480,824,298	350,121,340
Grand Total	324,158,247	3,393,885,598	2,638,362,261



## HONGKONG PRODUCTS

## EXPORTS, BY COUNTRIES

Country	November, 1956 HK\$	Jan./Nov. 1956 HK\$	Jan./Nov. 1955 HK\$
Africa, Central (British)	530,623	5,043,834	6,992,444
Africa, East (British)	2,164,619	17,690,843	20,228,126
Africa, South	1,914,364	16,288,387	13,860,481
Africa, West (British)	4,296,382	40,882,795	29,631,969
African Countries, Other	2,822,115	28,116,318	24,772,708
America, Central	1,696,744	11,457,586	9,174,173
America, South (ex- cluding Argentina and Brazil)	1,160,392	10,587,062	10,049,670
Argentina	—	4,187	76,586
Asian Countries, Cen- tral	27,932	1,895,981	219,126
Australia	2,234,672	18,153,566	16,409,404
Austria	—	408	1,800
Belgium	196,844	1,637,109	1,358,247
Borneo, North	804,830	11,140,653	8,305,178
Brazil	—	14,622	—
British Common- wealth, Other	754,786	9,900,310	11,142,223
Burma	488,762	2,359,594	11,846,475
Cambodia, Laos & Vietnam	1,596,205	22,583,181	26,560,786
Canada	385,437	6,207,071	9,218,940
Ceylon	500,195	3,979,843	5,101,681
China	974,128	3,465,392	42,084
Denmark	249,740	1,485,354	1,152,615
Egypt	—	277,439	468,673
European Countries, Other	9,414	481,215	393,539
Formosa	90,074	1,373,208	648,661
France	41,301	560,227	903,742
Germany (Western)	250,904	2,155,702	1,280,214
India	816,166	5,891,818	6,935,742
Indonesia	2,828,928	118,069,731	76,642,169
Italy	79,816	608,323	580,812
Japan	1,122,517	8,442,235	5,062,231
Korea, South	213,471	4,658,099	11,501,633
Macao	390,423	4,272,430	5,678,401
Malaya	7,105,306	80,126,092	95,066,037
Middle and Near East Countries	736,405	10,698,706	9,006,919
Netherlands	81,304	2,879,791	1,563,393
New Zealand	401,675	5,183,476	6,235,779
Norway	29,091	485,884	393,180
Oceania, British	199,291	2,605,891	2,329,153
Oceania, United States	303,937	2,917,881	2,669,562
Oceania, n.e.s.	356,848	3,210,254	3,289,149
Pakistan	88,674	1,545,658	2,129,423
Philippines	3,081,555	22,675,066	17,280,805
Sweden	221,550	1,461,774	1,654,749
Switzerland	23,970	253,891	339,741
Thailand	4,573,685	43,907,618	56,919,573
Turkey	2,260	3,252	37,164
United Kingdom	14,121,689	147,224,928	125,675,361
U.S.A.	2,772,997	18,609,440	13,924,786
West Indies, British	950,603	8,183,755	8,847,265
Total	63,692,624	711,657,880	663,592,572

## EXPORTS, BY COMMODITIES

Commodity	November, 1956 HK\$	Jan./Nov. 1956 HK\$	Jan./Nov. 1955 HK\$
Fish in airtight con- tainers	184,147	2,039,768	1,395,579
Fruits, preserved	1,572,530	14,247,075	12,442,432
Jams and fruit jellies	58	1,233	12,391
Fruit juices, unfer- mented	25,050	468,473	182,009
Non-alcoholic bever- ages	17,071	851,384	725,494
Beer	363	26,410	10,848
Cigarettes	73,276	942,126	608,374
Iron ore	366,358	4,383,400	3,820,364
Tungsten ore	—	133,463	198,175
Seagrass	3,776	81,824	127,878
Lacquers and var- nishes	212,308	2,801,482	2,250,323
Paints, enamels and mastics	1,043,464	10,836,132	8,779,371
Cotton yarn	5,751,568	87,459,926	91,549,618
Cotton piece goods	16,074,178	153,549,629	167,821,169
Towels, not embroi- dered	1,422,898	13,086,214	11,741,321
Linen, embroidered	1,388,871	9,675,148	7,894,061
Cement	190,706	7,626,532	5,736,735
Iron and steel bars	2,105,269	12,968,665	7,889,765
Household utensils, enamelled	6,803,321	69,647,398	51,384,428
Household utensils, aluminium	667,079	7,683,238	8,278,595
Torch batteries	487,292	8,172,697	9,474,871
Torch bulbs	475,599	5,557,243	5,227,887
Electric torches	4,461,513	45,499,123	45,539,680
Lanterns, metal	785,354	15,965,260	11,881,271
Cotton singlets	3,555,599	71,517,605	52,306,624
Underwear and nightwear, embroi- dered	306,130	2,923,733	2,427,686
Shirts	7,022,868	65,232,839	60,494,938
Outerwear, embroi- dered	647,778	6,694,098	6,631,838
Articles of clothing (e.g., handker- chiefs, shawls, etc.), embroidered	1,144,550	5,681,895	3,506,826
Footwear	5,438,369	69,262,198	66,917,392
Matches	65,060	802,801	2,048,194
Plastic articles	769,709	8,952,030	7,179,643
Vacuum flasks, com- plete	630,512	6,886,838	7,106,792
Total	63,692,624	711,657,880	663,592,572